

5/15/78 [1]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 5/15/78 [1]; Container 75

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Henry Owen to Pres. Carter, w/attachments 5pp., re: letter to Schmidt	5/12/78	A
Cabinet Summary	Andrew Young to Pres. Carter, 1 pg. re: UN activities <i>opened in AAC NLC 126-12-21-1-4, 4/17/13</i>	5/11/78	A
Memo	Frank Moore to Pres. Carter, w/attachments 4 pp., re: Senator Byrd	5/11/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
Handwriting File 5/15/78 [1] Box 85

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE PRESIDENT'S SCHEDULE

Monday - May 15, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

9:00 Mr. Frank Moore - The Oval Office.

9:15 Mr. Nelson Cruikshank - The Oval Office.
(15 min.)

9:45 Secretary Ray Marshall. (Mr. Jack Watson).
(15 min.) The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:15 Drop-By Inter-Agency Coordinating Council
(5 min.) Meeting. (Mr. Jack Watson) - Roosevelt Room.

11:30 Secretary Cecil Andrus. (Mr. Jack Watson).
(30 min.) The Oval Office.

12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.

1:30 Dr. Armand Hammer. (Mr. Hamilton Jordan).
(15 min.) The Oval Office.

1:50 DNC Chairman John White. (Mr. Tim Kraft).
(20 min.) The Oval Office.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jim McIntyre
Charlie Schultze

RE: SOLAR ENERGY DOMESTIC POLICY
REVIEW

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

5/14/78

Mr. President:

No staff objections. However, CEA and OMB are concerned that DOE and other agencies will treat the review as a vehicle for increasing budget outlays -- especially commercial projects -- on solar energy. CEA suggests that the 2nd from the last paragraph in Stu's memo be included in the directive: the effort is a zero-based review rather than a commitment to higher funding levels.

McIntyre's comment is attached.

Rick

THE WHITE HOUSE

WASHINGTON

May 9, 1978

C

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT
KITTY SCHIRMER *Shu*

SUBJECT: SOLAR ENERGY DOMESTIC POLICY REVIEW

Attached is a proposed Issues Definition Memorandum which would establish a Domestic Policy Review of solar energy under the chairmanship of the Secretary of Energy.

The proposed memorandum is based upon a joint recommendation made to me by the Department of Energy and the Council on Environmental Quality. While the memorandum itself has been edited, the basic content and structure of the review remains as proposed by these two agencies.

The review has three main purposes:

- to better understand and quantify the contribution which solar energy technologies can make in meeting our energy demand, both in this century and beyond;
- to review the existing federal solar programs and assess whether they are structured appropriately to bring about maximum economic use of solar energy;
- to provide you with recommendations for an overall solar strategy -- including research, development, demonstration, and commercialization -- which will accelerate the use of solar energy.

*include
in
Shu's
memo*

The deadlines for completion of this review are structured to ensure that the recommendations and analyses are available for use during the FY 1980 budget and legislative cycles. I would emphasize, however, that undertaking this review is not designed to commit the Administration to larger solar budget expenditures. Rather, it is intended to examine the priorities and policies implicit in the existing program, and to determine whether reordering them can improve our program. The desirability of additional budget resources will be evaluated in a zero-based budget mode.

I agree

You announced the intention to have such a review in your Sun Day speech in Colorado.

THE WHITE HOUSE

WASHINGTON

May 2, 1978

MEMORANDUM FOR THE SECRETARY OF ENERGY
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION
AGENCY
THE ADMINISTRATOR OF GENERAL SERVICES
THE ADMINISTRATOR OF THE NATIONAL AERONAUTICS
AND SPACE ADMINISTRATION
THE DIRECTOR OF THE NATIONAL SCIENCE FOUNDATION
THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISORS
THE CHAIRMAN OF THE COUNCIL ON ENVIRONMENTAL
QUALITY
THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND
BUDGET
THE DIRECTOR OF THE OFFICE OF SCIENCE AND
TECHNOLOGY POLICY
THE SPECIAL ASSISTANT TO THE PRESIDENT FOR
CONSUMER AFFAIRS

FROM

STUART EIZENSTAT *Sh*

SUBJECT

DOMESTIC POLICY REVIEW OF SOLAR ENERGY

The President has directed that a Solar Energy Policy Committee be established under the Chairmanship of the Secretary of Energy and consisting of the Addressees. This Committee shall review the current federal programs related to the research, development, demonstration, and commercialization of solar energy and shall develop for Presidential consideration policy options and recommendations for effective development and maximum economic use of solar energy, both short and long term. This memorandum will serve to inform you of the initiation of an interagency study under the procedures established in the Domestic Policy Review System.

Purpose of the Review: The national security and economic problems posed by our increasing dependence on imported oil establish a clear need for the rapid development and use of alternative domestic energy sources. Continued economic growth can occur only if we prepare now to make the transition from oil and natural gas to energy sources we have in abundance. The National Energy plan stated:

"...The use of nonconventional sources of energy must be vigorously expanded. Relatively clean and inexhaustible sources of energy offer a hopeful prospect of supplementing conventional energy sources in this century, and becoming major sources of energy in the next. Some of these nonconventional resources permit decentralized production and thus provide alternatives to large, central systems. Traditional forecasts of energy use assume that nonconventional resources, such as solar and geothermal energy, will play only a minor role in the United States energy future. Unless positive and creative actions are taken by the Government and the private sector, these forecasts will become self-fulfilling prophecies."

In the year since the National Energy Plan was put forward, interest in the possibilities solar energy holds for meeting domestic and international needs in this century and in the next has continued to grow. A wide variety of estimates have been made concerning the level and timing of the contribution solar energy can make to meeting national needs. Numerous recommendations for solar strategies have been advanced at the federal, state, and local level.

The President continues to believe that solar, and other renewable energy technologies, must be vigorously pursued so as to provide our country with reliable energy supply alternatives on an accelerated basis. The overall purpose of the Solar Policy Review is to provide the President with:

- (1) a sound analysis of the contribution which solar energy can make to U.S. and international energy demand, both in the short and in the longer term;
- (2) a thorough review of the current federal solar programs to determine whether they, taken as a whole, represent an optimal program for bringing solar technologies into widespread commercial use on an accelerated timetable;

- (3) recommendations for an overall solar strategy to pull together federal, state, and private efforts to accelerate the use of solar technologies.

The specific areas to be included in the Solar Policy Review are:

- (1) an examination of each of the major areas of solar energy use (industry, buildings, agriculture, transportation) and each solar technology (heating and cooling, thermal electric, intermediate temperature systems, photovoltaics, biomass, wind, hydropower, and ocean thermal) to determine technical or scientific needs relating to their commercial use, both short and long term;
- (2) a review of current federal research, development and demonstration programs for solar technologies to determine whether they are structured appropriately to address the priorities and needs identified in area (1);
- (3) identification of the institutional, economic, and environmental factors relating to the introduction and use of solar technologies and development of federal policy options and strategies for dealing with barriers or problems identified;
- (4) an evaluation of the appropriate federal role in the commercialization of solar energy, including the particular contributions which the various federal agencies can make to the commercialization process;
- (5) an examination of the potential for and impacts of using solar technologies abroad;
- (6) a review of issues relating to the regional diversity of solar resources, and to the matching of solar equipment to end use requirements, and to the integration of solar technology with the existing energy supply system.

Structure of the Review

The Solar Policy Coordinating Committee, chaired by the Department of Energy, will develop specific plans for each of the areas identified above. A number of other agencies

are receiving copies of this memorandum and their participation in the study will be invited as the need arises. To ensure that this Solar Policy Review is responsive to the increasing public and Congressional interest in solar technology, a program for participation by members of the public, and the Congress will be developed.

Schedule

By May 20, work plans for each of the areas of review shall be developed under the leadership of the Secretary of Energy. A Response Memorandum shall be prepared and submitted by the Solar Policy Coordinating Committee by August 15, 1978, so that policy options and recommendations may be submitted to the President by September 1.

The President views this Solar Policy Review as a high priority in developing near term as well as longer term strategies for the acceleration of the use of solar energy. The Agencies involved in this Review will be expected to make an intensive effort to complete this review in order that its conclusions and recommendations may be used in formulating the Administration's budget and legislative recommendations next fall.

cc: The Attorney General of the United States
The Administrator of the Small Business
Administration
The Administrator of Action
The Chairman of the Federal Trade
Commission
The Chairman of the Board of Directors
of the Tennessee Valley Authority

MCINTYRE



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 12 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. MCINTYRE, JR. *Jim*
SUBJECT: Solar Energy Domestic Policy Review

I concur in Stu Eizenstat's proposed Issue Definition Memorandum to establish a Domestic Policy Review of Solar Energy.

I also strongly support Stu Eizenstat's view that the review should not be designed to encourage larger budget expenditures. If all principals recognize this at the outset, we avoid the potentially embarrassing situation of having a solar strategy proposed by the panel in September that is inconsistent with your budget objectives.

It has become apparent to my staff in the course of developing your FY 1978 and FY 1979 budgets that there is substantial opportunity for further improvement and defense of an overall solar strategy which could be addressed by a properly directed Domestic Policy Review.

Although your 1979 Budget reflected a strategy of less emphasis on demonstrations and more emphasis on longer term research (e.g. photovoltaics) the strategy has not been effectively articulated before the public or the Congress and is being eroded in part, by modifications to the budget. This situation has come about, in part, because of lack of attention to tax credits and market incentives which complement Federal R&D efforts.

I, therefore, suggest this review have as an explicit objective the establishment of clearer priorities among existing solar technology programs that adequately take into account the rapidly growing private sector market to avoid having a "National" solar program that only reflects Federal investments. In this way, new initiatives can be supported as less deserving activities are identified.

OMB will follow closely the development of the solar strategy and will work closely with the domestic policy staff to apply the results of the review in our recommendations for your FY 1980 budget.

WASHINGTON

DATE: 10 MAY 78

FOR ACTION: JACK WATSON

JIM MCINTYRE

*Elit's comment
at 3 pm*

CHARLIE SCHULTZE *abstaining*

INFO ONLY: SECRETARY SCHLESINGER

THE VICE PRESIDENT

JODY POWELL

ANNE WEXLER

ZBIG BRZEZINSKI

ESTHER PETERSON *Warren*

FRANK PRESS *Warren*

~~FRANK PRESS~~ *C Warren*

SUBJECT: EIZENSTAT MEMO RE SOLAR ENERGY DOMESTIC POLICY REVIEW

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM FRIDAY 12 MAY 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

WASHINGTON

DATE: 10 MAY 78

FOR ACTION: JACK WATSON

JIM MCINTYRE

CHARLIE SCHULTZE

INFO ONLY: SECRETARY SCHLESINGER

THE VICE PRESIDENT

JODY POWELL

ANNE WEXLER

ZBIG BRZEZINSKI

ESTHER PETERSON

FRANK PRESS

~~FRANK PRESS~~

Charles Warren

SUBJECT: EIZENSTAT MEMO RE SOLAR ENERGY DOMESTIC POLICY REVIEW

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM FRIDAY 12 MAY 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: (✓) I CONCUR. () NO COMMENT. () HOLD.

by sc

PLEASE NOTE OTHER COMMENTS BELOW:

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

SUBJECT: Solar Energy Domestic Policy Review

Although another Federal study is not objectionable, I am concerned that DOE and other agencies will treat the review as a vehicle for increasing budget outlays -- especially commercial projects -- on solar energy. I would like to have the second from the last paragraph in Stu's memo included in the directive: the effort is a zero-based review rather than a commitment to higher funding levels.

FD 782435

T H E W H I T E H O U S E

WASHINGTON

DATE: 10 MAY 78

FOR ACTION: JACK WATSON

JIM MCINTYRE

CHARLIE SCHULTZE

INFO ONLY: SECRETARY SCHLESINGER

THE VICE PRESIDENT

JODY POWELL

ANNE WEXLER

ZBIG BRZEZINSKI

ESTHER PETERSON

FRANK PRESS *JP*

CHARLES WARREN

SUBJECT: EIZENSTAT MEMO RE SOLAR ENERGY DOMESTIC POLICY REVIEW

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM FRIDAY 11 MAY 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: (X) I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

~~CONFIDENTIAL~~

May 11, 1978

TO: President Carter
THROUGH: Rick Hutcheson
FROM: Ambassador Young
SUBJECT: United States Mission Activities, May 3 to May 10

SECURITY COUNCIL

The United Nations Security Council met in formal session on May 5 to consider the Angolan complaint against the South African attack. The Council unanimously adopted a resolution the following day, condemning the South African incursion into Angola.

NAMIBIA

Talks between the Western Five and SWAPO have been temporarily suspended in the wake of the South African raid on Angola. SWAPO President Sam Nujoma informed the Five late May 7 that, in light of the damage resulting from the raid, the SWAPO Delegation present in New York had been recalled by the SWAPO Central Committee, and would, therefore, be unable to attend the talks with the Contact Group scheduled for May 8. Nujoma expressed SWAPO's continued wish for an acceptable negotiated settlement.

ECONOMIC AND SOCIAL COUNCIL

The Committee of the Whole (Overview Mechanism) began its work with discussions of the general economic situation and the question of transfer of resources. The Spring Session of ECOSOC completed its work on May 8. On the whole, the Session was uneventful, perhaps due to the fact that the Special Session of the General Assembly on Namibia and the Preparatory Committee Meeting on Disarmament also contended for the delegates' attention.

AMBASSADOR YOUNG'S OTHER MEETINGS

Congressman Pete Stark, 5/5; Ambassador Gerard Smith, 5/8; Archbishop Iakovos, Primate of the Greek Orthodox Church, 5/9; Synagogue Council of America, Union of American Hebrew Congregations and United Synagogue of America, 5/10; Under Secretary of State Cooper, 5/10; Ambassador Filali of Morocco, 5/10; Ambassador Murray of Britain, 5/10; Ambassador Turkman of Turkey, 5/11; Mayor Koch, 5/11; Mr. Djermakoye, UN Commissioner for Technical Cooperation, 5/11. PRESS: Interview with Claire Demers for Andy Warhol Magazine, 5/5.

~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC- 126-12-21-1-4

BY JCS NARA DATE 7/16/13

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Stu Eizenstat
Jim McIntyre

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Frank Moore
Anne Wexler
Charlie Schultze

RE: AIRCRAFT NOISE LEGISLATION
AND AIRLINE REFORM

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
	POWELL
	WATSON
<input checked="" type="checkbox"/>	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*
MARY SCHUMAN *MS*

SUBJECT:

Jim McIntyre's Memo on Aircraft Noise
Legislation and Airline Reform

Jim McIntyre recently sent you a memo (a) stating his concern with the budget impact of the aircraft noise bill, and (b) proposing some legislative strategy on the airline reform bill. With respect to the reform bill, he listed its "undesirable spending programs" and suggested that they could be reduced or eliminated if we compromise on pro-competitive provisions.

You asked us to comment on the OMB memo. You also mentioned to Jim Free that you would like us to identify areas where legislation is still necessary, in light of Chairman Kahn's recent successes.

We join Chairman Kahn, Charlie Schultze, and Brock Adams in strongly opposing the suggestion that we compromise pro-competitive provisions. Everyone who has worked on this issue with Congress -- and OMB has not -- agrees that there is absolutely no linkage between the "spending programs" and the pro-competitive provisions in the airline reform bill. A compromise would merely weaken the prospects for lasting competition in the industry, and would give us nothing in return with respect to the spending programs.

1. The General Need for Strong Legislation

Although Chairman Kahn has made extraordinary progress in making the industry more competitive, he is perhaps the most forceful advocate of strong legislation.

First, a future Board could easily reverse his reforms.

Second, the CAB is taking substantial risks by interpreting current law as liberally as it is. Kahn states privately

Stu - Jim
a) Support all deregulation
b) Oppose Title I & II of
Noise bill admin. costs
c) Hold down admin. costs

that there is a substantial risk that many decisions will be overturned. The CAB is taking these risks because they are counting on strong legislation to back them up.

Third, the CAB can improve regulation, but it cannot make fundamental changes that will gradually reduce it. The provisions which OMB would compromise away would reduce regulation and ensure that the authority of the board is actually decreased.

2. The Importance of Specific Provisions Which OMB Would Compromise

a. Reversing the Burden of Proof. Today, the burden of proof is on the applicant who wants to provide more competition. This necessitates a great waste of financial resources by carriers and communities to justify that the new service is necessary. It also requires the CAB to compile an extensive record justifying new competition.

Reversing the burden of proof means that opponents of competition must bear the burden of showing that competition should not be permitted. Existing law clearly puts the burden of proof on the applicant seeking to provide more competition. Legislation is necessary to change this.

This provision will make it almost impossible for future boards to become anti-competitive. Moreover, the provision has no relation to any spending program in the bill, and we strongly disagree with OMB's suggestion that we compromise it away.

b. Automatic Market Entry. OMB also suggests compromising away automatic entry on the grounds that it has a "limited effect and is a confusing additional regulatory program."

The Senate-passed automatic entry provision allows carriers to enter one and later two markets per year without obtaining CAB approval. The House bill permits only 1 new entry in 1979.

Automatic entry is important because it does not merely redirect regulation, it actually reduces CAB control over a period of time. Legislation is necessary to enact this provision; the CAB cannot do it administratively.

The provision has no relation to any spending program, and we strongly recommend against compromising it.

c. Pricing Flexibility. Pricing flexibility is considered so essential to the bill that even opponents of the legislation have not attempted to take it out. And the provision has no relation to any provisions which affect the budget. Again, we recommend against OMB's suggestion that it be compromised.

As OMB points out, the CAB is proposing major revisions to its fare policies that will encourage competition in normal fares. But legislation is necessary to guarantee that a future board does not change the rules. In fact, the existing, anti-competitive regulations were completed only three years ago.

3. Spending Programs in the Airline Reform

This section discusses the reform bill's spending programs that concern OMB, and describes what we are doing in Congress to minimize them.

a. Extension and Expansion of an Aircraft Loan Guarantee Program. A loan guarantee program for aircraft loans which was created in 1957 expired last September. The reform bills extend and expand the program.

The Congressional Budget Office does not estimate any cost for this provision. There have been no defaults in the program during its 20 years of existence, and the Secretary of Transportation is given discretion to administer the program so that losses can be avoided.

b. Subsidy. In FY 1977, the CAB paid \$78 million in subsidies to local service carriers. Subsidy is paid pursuant to an outdated provision enacted in 1938 designed to provide subsidy for air mail. The program is wasteful and inefficient. In your message to Congress last year, and in all our testimony before Congress, we have advocated a substantial overhaul of this subsidy program. The bills completely revise the subsidy program so that federal funds are targeted directly to small community air service. The Senate bill phases out the existing program over seven years, and creates a substitute subsidy system. The CBO

estimates that there is a slight increase in the subsidy during the phase-out ranging up to \$3 million per year. But as soon as the transitional period is over "a net overall savings in subsidy costs will be realized."

The House provisions are still being drafted. We have consulted OMB on the drafts, and OMB finds the House provision preferable and less costly. Since the House bill has not been reported, there is no cost estimate.

The second provision affecting the subsidy is, as OMB states, undesirable. It modifies the existing subsidy system by increasing costs about \$10 million per year. We have vigorously opposed this provision and have succeeded in reducing its duration from the initially-proposed ten years to four years. While we continue to oppose this even as a four-year program, there is no indication that offering to give up a pro-competitive provision would enable us to eliminate or reduce it.

c. Labor Protection Provisions. The Senate-passed bill provides for government payments to airline employees who lose their jobs, or are otherwise adversely affected, as a result of bankruptcy or a 15% reduction in employment in one year. The protection applies only if the CAB finds that airline reform legislation was "the major cause" of the loss of job or other adverse effect. Originally, the Senate committee contemplated much more expansive protection. Although we have argued that no labor protection is needed, we helped revise the section during the committee markup so that the protections are quite limited.

Because a bankruptcy or 15% reduction in employment is considered very improbable as a result of this bill, the CBO states that "it is highly unlikely that any payments will be necessary under this provision." The CBO, therefore, does not estimate any cost from this section.

The House bill, on the other hand, contains a very expansive labor protection provision. It states that no authority granted by the legislation may be exercised until the Secretary of Labor certifies that employees are protected against adverse effects. Employees who lose their jobs or are otherwise adversely affected, would be guaranteed salary protection for four years. The U.S. Treasury is ultimately responsible.

The provision is patterned after employee protection in Amtrak legislation. We have strongly opposed this provision, but it was adopted by the subcommittee 24-1. We will continue to fight this provision.

d. Administrative Costs. Although the OMB does not suggest trading away any pro-competitive provision to reduce administrative costs, it points out that the bill will increase CAB staffing and expenses in 1979 and 1980. OMB failed to mention, however, that the CBO, which estimated these figures, says the increases will be "short-lived while the transition to the new regulatory scheme is made."

In fact, if we accept OMB's suggestion to compromise on some pro-competitive provisions, administrative costs would surely go up indefinitely. As a result of its willingness to grant more entry and discount filings, the CAB workload has already begun to increase -- and OMB has already increased staffing for FY 1979. Legislation -- and particularly the portions which OMB says are not "absolutely necessary" -- is necessary to gradually relieve the CAB of some of that workload.

In summary, we have worked closely with OMB in deciding our position on budget issues in these bills, and we will continue to do so. All our efforts are directed at achieving your goal of maximum deregulation with a minimum budgetary impact.

4. Aircraft Noise Bill

We agree with OMB that the House noise bill poses some difficult problems.

OMB estimates that the combined budget impact of the three titles of the House aircraft noise bill would be \$760 million in 1979, and \$900 million in 1980.

Of those amounts, this Administration has supported only Title III. The budget impact of Title III in 1979 is \$335 million, and \$340 million in 1980. The budget impact is not budget authority or outlays; it comes from the reduction in revenue to the Treasury. After a meeting last May with you, Secretary Adams testified in favor of Title III, and DOT has continued to support the bill in Congress.

We continue to oppose Titles I and II. We have not compromised with Congressman Anderson yet because he would hold the reform bill hostage in the committee until we agreed to an amount he wanted. In addition, we did not want to commit ourselves on a compromise with Congressman Anderson before the Senate drafted its noise bill. We are scheduled to consult with Senator Cannon this week before he introduces his bill, and OMB will participate in that meeting. Everyone who works this issue in Congress agrees that this is the proper timing.

In summary, we share OMB's concerns about the noise bill, and we are actively opposing Titles I and II in Congress. We are doing all we can to minimize the budget impact of some provisions in the reform bill, but we strongly oppose OMB's suggestion that we compromise some pro-competitive provisions. There is no linkage in the reform bill between spending and pro-competitive provisions, and compromising on reform will prevent a long run reduction in airline competition.

Moreover, the airline reform bill has been one of your major legislative priorities to help reduce inflation. To trade away key reform provisions potentially could emasculate the bill and erode its anti-inflationary intent. We have gotten good publicity with Senate passage on House Subcommittee action since we have continued to seek a tough airline reform bill. We should continue to do so. It would be ill-advised in the extreme to compromise in return for unrelated and very modest costs in the reform bill itself.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C

May 1, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze CLS
Subject: McIntyre Memo on Aircraft Noise
Financing Legislation

I share Jim McIntyre's concern over the budgetary impact of Representative Anderson's present bill for financing aircraft noise reduction. In the same memo, Jim also suggests that we give away some of the statutory changes in the airline regulatory reform bill in order to secure deletion from the bill of some items which add to budget costs. The major provisions that would be lost have to do with (i) fare flexibility, (ii) automatic entry, and (iii) reversal of the burden of proof so that opponents of new applications for route authority bear the burden. I strongly oppose Jim's suggestion:

1. The noise bill does indeed have a major budgetary impact -- \$900 million in FY 1980. The objectionable provisions in the airline reform bill, by contrast, have a minor budget effect -- \$30 million in FY 1980, plus some contingent liabilities for labor protection in case of a large workforce reduction (which we do not think likely).
2. Your recent inflation speech emphasized once again the importance you attach to enactment of a strong air transport regulatory reform bill. Administration support of efforts to delete the statutory changes listed above -- the most strongly resisted by foes of regulatory reform -- would be interpreted as a clear retreat from your earlier position.
3. Although the CAB under Chairman Kahn has made substantial progress in increasing the role of competitive forces in air transport markets, continued progress in future years and protection of our recent gains require that the underlying legal framework of airline regulation be reformed. The three provisions that Jim would delete are very important in that respect.

4. The air reform bill will have far-reaching precedential value. Our efforts to reform other inefficient regulatory programs via legislation will be more readily accepted by the Congress and the public if we can point to the success of the air transport industry under comprehensive reform legislation. Eliminating provisions for fare flexibility, automatic entry, and burden of proof reversal would remove the critical competitive elements of this legislation, thus undermining the exemplary value of this legislation.
5. As I understand it, Congressman Anderson has said that his support for airline regulatory reform hinges on our support of his noise bill. But gutting the airline reform bill will not get Anderson to drop the objectionable features of his noise bill. The only thing we might buy is an elimination of the minor budget additions in the reform bill.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
✓	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

May 9, 1978

ok
C

Mr. President:

After a brief talk before the Democratic National Committee's Finance Council today, I was asked a question about why this Administration, like its Republican predecessor, was relying on monetary policy to control inflation.

I answered that we were not relying on monetary policy and that we had our own anti-inflation program. I stated that this Administration had not encouraged the Federal Reserve to raise its interest rates nor had we "applauded" their efforts in doing so. The questioner also asked if I was concerned that at some point the raising of interest rates could threaten the recovery, and I indicated that I did have such a concern.

After the speech a reporter from the Wall Street Journal asked if I was criticizing the Federal Reserve's acts. I stated that I was not engaging in a public criticism of the Federal Reserve's acts. They're an independent agency and had the right to act on their own. I was simply making the point that, in response to the person's question, we had not initiated such monetary steps. I also stated that while obviously at some level interest rates could impede the recovery, I had no specific figures in mind and did not think that the steps thus far taken posed such a threat.

I report this because the Wall Street Journal reporter, and one other reporter who was with him, may attempt to blow this into something other than what it was.

Stu
Stu

cc: Secretary Blumenthal
Charlie Schultze
Jim McIntyre

1:30 PM

THE WHITE HOUSE

WASHINGTON

May 15, 1978

MEMORANDUM FOR: PRESIDENT CARTER

FROM: HAMILTON JORDAN H.J.

SUBJECT: Meeting with Armand Hammer
May 15 - 1:30 pm
Oval Office

The meeting with Dr. Hammer is largely for the purpose of giving him the opportunity to express some views to you on the economy and other matters. He has requested the meeting through me and through others.

Dr. Hammer was quite helpful to us on the Panama Canal fight, particularly with the Citizens Committee effort. During the coal strike he also make calls and talked to people in an effort to be helpful. He is a supporter of ours, and you should take the opportunity to thank him for his past efforts. He will probably volunteer to help with the economy, and you might want to suggest he talk to Strauss.

Dr. Hammer probably will bring up the subject of Mexican oil. He has, as you know, substantial interests in Mexico. You need make no commitments to Dr. Hammer, on this or any other subject. The primary purpose, as I noted, is to grant Dr. Hammer the opportunity to meet with you and express some thoughts he has on his mind.

THE WHITE HOUSE
WASHINGTON
May 15, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

WEEKLY DOMESTIC POLICY STAFF
STATUS REPORT

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

**ACTION
FYI**

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input checked="" type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE
<input type="checkbox"/>	
<input type="checkbox"/>	

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIPANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

THE WHITE HOUSE

WASHINGTON

May 12, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Sh*
SUBJECT: Domestic Policy Staff Weekly Status Report

HOUSING AND COMMUNITY DEVELOPMENT

FNMA: HUD had proposed highly controversial regulations covering Fanny Mae; Secretary Harris has agreed to meet with FNMA officials to try to reach a compromise. We are working with HUD to review final regulations.

New York City Finance Package: Legislation supported by the Administration cleared the House Banking Committee by 32-8 on May 3. Secretary Blumenthal met with all the New York parties on Wednesday, and the local parties have agreed to a May 20 deadline for resolving all the "local" issues. We are working with Treasury to organize a legislative campaign on the Hill.

CIVIL SERVICE REFORM

Civil Service Reform Initiative: Mark-up in both the House and Senate begins the week of May 22. Our policy team met with Senate staff this week to discuss issues. The legislative team continues to visit with committee members and meet with a variety of interest groups. The labor-management section will be sent formally to Congress within a day or two.

Federal Employee Religious Freedom: Representative Solarz (D-N.Y.) has introduced a bill to allow federal employees such as Orthodox Jews who must alter their work schedule to practice their religion, to make up regular time missed by working overtime. With certain amendments, Justice has declared the bill constitutional, and CSC supports it.

Cost-of-Living Allowance: Military and retired military who are federal employees and living in Hawaii and Alaska are very upset over a CAC decision to eliminate cost-of-living allowances for them (because they have PX and Housing privileges). CSC will conduct an extensive study on future policy, and with OMB will send you a decision memo shortly.

ECONOMICS AND BUSINESS

Tax Reform: Working with Vice President, Frank, and Secretary Blumenthal on strategy.

Exports: Working with an Interagency Task Force headed by Commerce to consider measure to promote U.S. exports.

PRIVACY

The Departments of Treasury and Justice, after discussions with the Domestic Policy Staff, have proposed to Congress a position on government access to bank records which demonstrates a new sensitivity to privacy issues. Their position reverses the traditional law enforcement stand and endorses the Privacy Commission's recommendations that an individual be notified when a Federal agency wants to see his bank records and that he be given an opportunity to contest such access in court.

Treasury and Justice want various exceptions to this rule, which are being negotiated with the Banking Committees. This position could become one of the general privacy initiatives which emerges from your Privacy PRM.

ENERGY

Solar Policy Domestic Review: Working with CEQ, OMB, and DOE to develop specific work plan.

National Energy ACT (NEA): Working closely with Schlesinger, Moore, Treasury, CEA, and OMB on COET and tax conference strategy.

CRBR Agreement with the Congress: Continuing discussion with Representative Flowers and committee staff on strategy for consideration of Flowers Amendment on the House floor (now scheduled for May 23). Discussions underway with Senators Jackson, Church, and Johnston on Senate action.

Oak Ridge Trip: Working with DOE, TVA, and Fran on materials for your May 22 visit.

Nuclear Waste Management: Continuing to work with Interagency Task Force on development of policy options and recommendation.

HUMAN RESOURCES

Social Security: We are continuing to monitor the situation with the social security roll-back bill in the Ways and Means committee. They voted for leaning toward legislation separate from the tax bill. There is no comparable activity in the Finance committee. We may soon be asked whether we will veto a separate social security tax reduction bill.

Pension Commission: We are working out the final details on establishing the commission. The executive order is being reviewed by the Justice Department and the initial funding is proposed to be handled through the special needs fund. Final selection of members and an executive director is awaiting a decision by Mr. Kirbo on whether he is willing to chair the committee.

Welfare Reform: We will soon need to decide whether to make a big final push for a welfare reform bill this year. We have developed specifications for a compromise bill with HEW and DOL. The question now is whether Corman and Ullman are willing to reach an agreement. We will be sending a memorandum to you shortly with our assessment of the situation.

Veterans Pensions: A discussion with Senator Cranston's staff person indicated that we will have some difficulty reducing the cost of the veterans pension bill the House committee has approved. That bill is far more expensive than our proposal and the Senate committee bill and greatly exceeds the benefits available under the non-veteran assistance programs.

*Veto
likely*

INTEGRITY AND OPENNESS IN GOVERNMENT

Lobby Law Reform: Our Interagency Task Force and Frank's staff met with a number of Senators and Senate staff on policy amendments. Mark-up began on May 10.

NATURAL RESOURCES

Water Policy: You meet with Governors next week. I met with Governors' staff this week.

Outer Continental Shelf: Conference delayed by energy bill negotiations; will hopefully resume next week.

- 4 -

Alaska Lands: Being considered by House Rules Committee.
Working with Frank Moore and Interior.

*Be
careful/
conservative*

Deep Seabed Mining: Working with OMB and agencies to develop position on "grandfather" language proposed by Representative Murphy and Breaux to protect companies that suffer damages resulting from a Law of the Sea or other international treaty.

Whales: Working with agencies to prepare for upcoming IWC meeting at which time a vote will be taken on a ten-year ban on most forms of whaling.

Endangered Species: Working with Interior, Commerce, and CEQ.

Parks/Wide and Scenic Rivers: Omnibus Bill reported by House Interior Committee. Working with OMB and Interior.

AGRICULTURE AND RURAL DEVELOPMENT

Anti-Inflation Timber Study: Study nearly completed; in final stages of review. Will be forwarded to you next week.

Farm Bill: Enrolled bill memo is on its way to you now. I recommend approval.

Sugar: USDA and State testified in behalf of the Administration position this week. Though we have an uphill fight, we are working with CEA and USDA to mobilize consumer, labor, and business support.

Meat Import Legislation: Senate sneaked the Bentsen Bill through last week. We have several problems with it and are preparing to advance our position in testimony before the Vanik Subcommittee on May 22.

*Veto
likely*

URBAN POLICY

Drafts of all major pieces of legislation will be submitted to OMB by Monday, May 15. Half of the bills have been cleared and sent to Congress.

Working with Anne Wexler to develop coordinated strategy for implementing and selling urban policy. Memo to you this week.

Q536

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Phil Wise

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
LEGISLATURE APPEARANCE

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
/	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
/	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

May 15, 1978

MR. PRESIDENT:

In Springfield, we could use the Illinois legislature as a forum for a strong speech to emphasize your governmental reform initiatives and Federal/State relationships. Stu and Jody are meeting today to outline speeches.

Two concerns to be resolved before appearing before the legislature are: (1) Governor Thompson and (2) the ERA question now before the legislature. We solve the Thompson problem by accepting an invitation from the Speaker and the President of the Senate (both Democrats) to address a joint session of the legislature (solidly Democratic). Governor Thompson would be invited by them to be in the audience along with the other state-wide elected officials.

The Speaker has assured me that he can control the timing of the ERA vote and that it will not be an issue during your visit. He is contacting the sponsors today to insure this.

If you agree to this, the legislature appearance will be substituted for the Civil Service Reform Forum at Sangamon State University at the same time of 9:15 a.m.

☒ Approve

☐ Disapprove

PHIL WISE

PW

THE WHITE HOUSE
WASHINGTON
May 15, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

EMERGENCY ACGRICULTURAL ACT

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
LYNN DAFT

SUBJECT:

Enrolled Bill H.R. 6782 -
Emergency Agricultural Act of
1978

THE BILL

H.R. 6782 provides the Secretary of Agriculture with several additional authorities:

- o It provides that whenever a set-aside program is in effect for wheat, feed grains, or upland cotton for 1978 through 1981, the Secretary is authorized to increase target prices for these crops to compensate producers for participation in the set-aside;
- o The formula for computing the loan rate for upland cotton is changed in various ways including provision of a statutory minimum of 48 cents per pound for 1978 through 1981;
- o The Secretary is granted discretionary authority to provide various incentives for the production of agricultural commodities for conversion into industrial hydrocarbons, including working alcohol;
- o Borrowing authority of the Commodity Credit Corporation is increased from \$14.5 billion to \$25.0 billion; and
- o The bill permits funds assessed under the Federal marketing order for raisins to be used for promotional activities.
- o While this bill will increase farmers' income, it will do so in a way which does not raise food prices.

- 2 -

VOTES IN CONGRESS

The bill passed the House by a vote of 212-182 and the Senate by 49-41.

ANALYSIS

This bill provides the discretionary authority we sought to adjust target prices when set-asides are in effect. In particular, we needed this authority to fulfill our announced intention to raise wheat target prices to \$3.40. Given that recent increases in the price of wheat have reduced incentives to participate in the 1978 set-aside program, this additional measure is even more necessary. This action will result in an increase in FY 1979 outlays of \$500 to \$550 million.

Though the bill contains several authorities we did not seek, most are discretionary and not considered serious enough by your advisors to warrant a veto. With respect to the minimum cotton loan rate, the Department advises that the change will have little effect on cotton supplies and utilization for 1978. Furthermore, in the proposed signing statement, we suggest that you indicate support for removing this provision through future legislation.

You should have outlined out year impact for me. Avoid advocacy

AGENCY AND STAFF RECOMMENDATIONS

The Office of Management and Budget, Department of Agriculture, and the Council of Economic Advisors recommend approval; Treasury indicates no objection; the Department of Energy informally registers concern that the industrial hydrocarbon conversion program does not provide for coordination between the Departments of Agriculture and Energy.

Frank Moore, Jack Watson, and Anne Wexler recommend approval. Wexler also recommends that you issue a strong signing statement. We concur in this recommendation and have attached a signing statement for your approval.

DECISION

✓ Sign H.R. 6782 (recommended)
 Veto H.R. 6782

Q

Signing Statement for the
Emergency Agricultural Act of 1978

ok
J

I am today signing H.R. 6782, the Emergency Agricultural Act of 1978, because it will help the Administration meet our goal of food and agriculture policies which are fair and equitable for farmers and which maintain our ability to compete effectively in world markets.

This is a four-year measure that will give us added flexibility in farm programs and encourage more farmers to use the programs to achieve maximum benefit.

On March 29, we took several steps designed to help producers of wheat, feed grains and cotton. These actions were targeted to provide economic incentive for producers to participate in the 1978 farm programs. Even though a wheat grazing and haying program was announced that day, it did not have an economic impact equal to the actions taken for cotton and feed grain producers.

The discretionary authority that the Congress has provided in this legislation allows the Secretary of Agriculture to raise income support levels in any year in which a set-aside program is in effect. Today, I am asking the Secretary to exercise this authority by increasing the income support level for 1978-crop wheat to \$3.40 per bushel, up from the \$3.00 provided in the Food and Agriculture Act of 1977.

As a result of this, wheat producers will be eligible for approximately \$600 million in additional deficiency payments late this year, unless the market price is in excess of \$3.00 a bushel during June-October.

An undesirable feature of this bill is the 48 cent per pound minimum upland cotton support price for the 1978-81 crops. This may create problems in future years, but we expect that market prices will remain above the 48 cent loan for the 1978 crop. I intend to propose legislation to remove this minimum price provision, but I will not propose to change the modifications in the formula used to determine the cotton loan rate.

It is also important to note that the bill raises the Commodity Credit Corporation's borrowing authority from \$14.5 billion to \$25 billion. The added \$10.5 billion will not increase government expenditures, but will provide funds necessary for the successful operation of currently announced domestic and foreign food and agriculture programs.

I congratulate the Congress, and especially Chairmen Foley and Talmadge, for enacting this legislation so promptly after defeat by the House of Representatives of the unwise and untimely "flexible parity" bill. That bill would have added significantly to food prices and to budget expenditures, and would have undermined our attempts to form a farmer-held grain reserve to protect against future crop shortfalls.

The steady improvement in farm prices under the programs of the Food and Agriculture Act of 1977 demonstrates that it, and related statutes, are providing more effective insurance against economic risk.

Now our farmers need better insurance against the risk of natural disaster. Recently, Secretary Bergland sent to the Congress our proposed Farm Production Protection Act, which will provide a nationwide, all-risk insurance program tailored to the needs of individual producers. It is my sincere hope that the Congress can move rapidly to reform the present crop insurance and disaster assistance programs.

I also strongly urge the Congress to act on legislation that the Administration has forwarded to establish an international emergency wheat reserve. This bill authorizes government purchase of wheat from the market place to accumulate a total reserve of up to 220 million bushels. This reserve will strengthen our commitment for food aid to the less developed countries of the world. It will ensure that U.S. food aid shipments will not be curtailed when there have been substantial shortfalls in world grain production and food aid needs are most critical.

THE WHITE HOUSE
WASHINGTON
May 15, 1978

Phil Wise

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Fran Voorde

RE: CABINET ROOM

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
<input checked="" type="checkbox"/>	VOORDE
	WARREN
<input checked="" type="checkbox"/>	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

5-15-78

To Phil Wise

The Cabinet Room
should ordinarily be
used for Presidential
meetings. Some
occasional exceptions
would be all right.

J.C.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Fran Voorde
Phil Wise

BIPARTISAN LEADERSHIP BREAKFAST

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
✓	VOORDE
	WARREN
✓	WISE

DISAPPROVE

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Jim McIntyre
Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Frank Moore
Esther Peterson

RE: S. 270 - PUBLIC PARTICIPATION IN
FEDERAL AGENCY PROCEEDINGS ACT

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

*include SE + SP
in advance - tell Joanne*

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
✓	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
✓	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
✓	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

5/12/78

Mr. President:

Congressional Liaison concurs with OMB. OMB's proposal reflects the prevailing mood in the Senate, according to CL.

Dissenting memos from Esther Peterson and Stu Eizenstat are attached.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 2, 1978

Jim / Stu
Do not advocate
change. Language as
described p 4 DPS memo
should be adequate.
J

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*

SUBJECT: S. 270 (Kennedy and 19 others) -
Public Participation in Federal
Agency Proceedings Act

In your April 1977 consumer message, you indicated your support for "congressional efforts to assist citizen groups to participate in the proceedings of Federal agencies, where their participation may lead to a more balanced decision...(and for) legislation that would give Federal courts more discretion to reimburse litigation costs for plaintiffs who win cases of public importance in the Government."

The Administration is now actively supporting legislation to award attorneys fees to (1) individuals, small businesses, unions, and other organizations who prevail in suits against agencies that have acted unreasonably, (2) taxpayers who prevail in suits against arbitrary IRS action, and (3) public interest participants in agency administrative proceedings and public interest plaintiffs prevailing against the government. The legislation regarding this third group is S. 270, and is the subject of this memorandum.

S. 270, which a Senate Judiciary Committee subcommittee will mark up on May 3, would authorize a three-year \$10 million annual program for Federal agencies to award the costs of participating in agency proceedings to participants representing public interests who (1) significantly contribute to a fair determination in the agency proceeding, and (2) have either small economic interest in the outcome of the proceeding relative to the cost of participation or insufficient funds to meaningfully participate in the

proceeding. The bill would also award litigation costs to litigants winning important public interest suits against the agency, if the litigant has either a small economic interest or is unable to afford the litigation costs.

Although the Administration actively seeks favorable congressional action on this bill, OMB disagrees with the Domestic Policy Staff, the Department of Justice and Esther Peterson's office on the proper standards for eligibility for funding for public participation in agency proceedings.

Issue

To receive federal payment for participation costs, should a participant making a significant contribution to an agency proceeding show both that it has a small economic interest and that it needs the funding to participate?

Domestic Policy Staff, Justice Department and Office of Consumer Affairs Position

Domestic Policy, Justice and Consumer Affairs staff urge that the bill require either a small economic interest or insufficient funds for the following reasons:

- The bill sets up a three year experiment, and authorizes funding at only \$10 million annually, minimizing the budgetary impact.
- The Administration ought to assist organized public interest groups based on the importance of the contribution to the proceedings they make, and not on whether they need the funding. To require a showing of need will force inquiry into their budgets, and will force them to reassign their priorities if they want to participate.
- Justice and Esther's staff have been working with Hill staff and the public interest groups for several months on this legislation; this proposed change at this point in time could lead to accusations of bad faith against the Administration.

- A fragile coalition of public interest support now exists for this bill. The coalition of various public interest, labor, and national special interest and congressional groups now supporting the bill may crumble if it is altered.
- Congressional support for the legislation is also fragile and will not withstand any Administration attempts to alter the bill.

OMB Position

OMB urges that the bill be altered to require both small economic interest and insufficient resources for the following reasons:

- The short term economic impact of not requiring need to be shown will misallocate funding through the government's paying for participation that it would have received for free. Further, disbursing the limited funding to those participants who do not need it will promote little additional participation by those who now have no voice in agency proceedings - thus defeating a major purpose of the legislation - and will act as an indirect subsidy to established, already participating public interest groups.
- The long term budgetary and policy impacts of the bill are dangerous. Although the proposed bill envisions a three year \$30 million experiment, it is virtually certain that funding will continue after that time and increase in magnitude. Our only experience with a program of this type to date is the Federal Trade Commission; this one small agency--which screens requests for participant funding based on need--has found that the \$1 million it spends annually for public participation is insufficient to satisfy the requests it receives. Based on this experience, it would be a very expensive precedent to establish for all agencies to reimburse all who significantly contribute in agency proceedings.
- Your Nuclear Siting and Licensing Act, recently sent to Congress, requires a showing of need for participant funding, as does present administrative practice in the NHSTA and the FTC. Therefore, this legislation would be inconsistent with the Administration's proposed legislation and current agency practices in this area.

- Public interest groups are accommodated by language in the bill that OMB does not propose changing. They are protected from hostile agencies by their ability to appeal agency funding decisions to the courts. They will be eligible for funding if their cost of participation is expensive relative to their budgets.
- Although established public interest group support may erode somewhat if a showing of need is required, conservative support in congress may increase as the bill becomes less of a "public interest lawyers bonanza."

Decision (check one)

_____ Participants making significant contributions to agency proceedings will receive funding if they either have a small economic interest or need the money to participate (Domestic Policy Staff, Justice, and Office of Consumer Affairs recommendation).

_____ Participants making significant contributions to agency proceedings will receive funding if they both have a small economic interest and need the money to participate (OMB recommendation).

PETERSON

THE WHITE HOUSE

WASHINGTON

May 5, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ESTHER PETERSON

SUBJECT:

S. 270 Public Participation in Federal
Agency Proceedings Act

I have political and tactical objections to OMB's recommendation, in Jim McIntyre's memo of May 2, that you seek substantive changes in this legislation.

This is the only bill you mentioned in your April 6, 1977, Consumer Message to Congress which has a chance of reaching you for signature this session. A substantive change at this late date would greatly diminish our chances in both Houses.

Since OMB cleared and the Justice Department transmitted its report to the Senate in support of this bill last May, my office and Justice have been involved in extensive consultations with Senators, their staff, and the public interest community. To urge our supporters to accept a major change in our position on this legislation as it is about to go to markup in the Senate will raise questions about the good faith of the Administration and its decisiveness. It could also jeopardize the recently bolstered confidence in you of your consumer constituency.

This legislation was not designed to fund public interest groups or to guarantee that all interests be heard. Instead, this legislation was intended to improve the quality of agency proceedings through increased public participation. The legislation gives agencies the authority to offer financial assistance to groups and individuals who would not otherwise participate in their proceedings.

Adding the means test suggested by OMB would virtually prohibit these agencies from encouraging small business participation or from utilizing the knowledge and experience of other organizations without forcing them to reallocate their own resources.

Most organizations, either business or public interest, would rightfully react negatively to a government agency's suggestion that they spend their money for its purposes. Few small businesses could show that they had a small economic interest in the outcome and insufficient funds for participation in a rulemaking in which they had expertise.

Under the bill as drafted an applicant must first show that it will make a substantial contribution to the proceedings. Then it must convince the agency that it either does not have sufficient resources available to participate effectively or that it has a small economic interest in the outcome of the proceedings. If an applicant receives funds under the first criteria, above, OMB's concerns are met. If funds are awarded under the second, the applicant is performing a public service from which it receives no economic benefit. Accordingly, it is justifiable to provide public funds for its participation.

Finally, those who are opposed to this bill are opposed for philosophical reasons. A change in eligibility standards could lose us liberal support but will gain us no conservative support.

This bill is a small three-year experiment. If it turns out in three years that OMB's concerns are justified, amendments can be considered then.

I urge you not to request a substantial amendment at this time.


EIZENSTAT

THE WHITE HOUSE

WASHINGTON

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT 
SI LAZARUS
SUBJECT: OMB's Recommended Changes in Public
Participation Bill

I recommend that you take the advice of Esther and Justice and not propose the change suggested by OMB in the Public Participation Act.

Esther's memo forecasts serious damage to prospects for 1978 enactment of the bill, if the administration reverses its position in line with OMB's suggestion. She is supported by Senator Kennedy, its principal co-sponsor along with Senator Mathias. Senator Kennedy called me earlier this week to express concern about OMB's position; he said that it would "kill" the bill if the administration were now to advocate the change OMB seeks.

This legislation went through OMB's clearance procedure one year ago, and since the defeat of the consumer agency bill, the administration has been attempting to generate some momentum behind it. At this point, my feeling is that only a major substantive concern would justify changing our position and overriding the legislative strategic judgment of the bill's sponsor, and of Esther and Justice, to whom you assigned responsibility for shepherding the bill through Congress. We should preserve what chances there are for enactment, and should certainly not invite blame for defeat.

I do not view the issue raised by OMB as a major substantive concern. It seems to be a technical problem of legislative drafting, and the change suggested by OMB is likely to create more problems than it will solve. The bill aims to provide some additional financial support for public interest groups to intervene in agency proceedings, and to challenge agency

decisions in court. Some of these groups, like, for example, Consumers Union or the Natural Resources Defense Council, have annual budgets of perhaps \$1 million; OMB's proposed revision of the bill could be construed to preclude funding for such groups-- which would deprive the government of their expertise, and severely impair the capacity of the legislation to serve as a partial substitute for the consumer agency, in providing effective representation for unrepresented interests. The supporters of the bill will therefore be very troubled if the administration takes OMB's position.

OMB's concern is that the current language might be construed to authorize funding of truly well-heeled applicants for assistance, such as trade associations, (if they have a negligible economic interest in a particular proceeding). I believe it would take a strained reading of the language to permit that result and find it implausible that an agency or court would reach it, especially given the very limited funds each agency will have available for the program. Indeed, one portion of the bill expressly indicates that groups with well-financed members are not its intended beneficiaries.

do so
(In any event, we can solve the problem by inserting some language in the Committee report that underscores Congress's intent that, generally speaking, the bill is intended to finance only genuine public interest organizations, and that groups such as trade associations, backed by members with substantial resources, should receive assistance only in rare instances where their contribution to a proceeding is vital and there would be no other way to enable the government to get the benefit of their analysis. It seems doubtful to me that such situations could ever occur.

OMB alleges that the bill currently would lead to "the government's paying for participation that it would have received for free." No agency concerned with this issue finds this danger in the language of the bill, and I do not myself.

OMB also appears to indicate that its proposed change will reduce allegedly "dangerous. . . long term budgetary and policy impacts of the bill." If there are

-3-

such dangers, OMB's proposal will not affect them to any meaningful extent, I do not believe. Changing the eligibility standard will not reduce whatever political pressures there may be for expanding available funds for the program. (They should not be substantial; public participation assistance is a low-priority item for virtually all agencies, and is in fact opposed by many.) In any event, OMB's vigilance should serve to hold the line against unwarranted expansion of the program in the future.

Finally, I have contacted Mike Pertshuck and Joan Claybrook, whose agencies are mentioned in OMB's memo. Both state that their standards for assisting public participants are consistent with the bill, and they would oppose changing the bill at this point. The Council on Environmental Quality also opposes the change.

OK (Kennedy strongly urged me to let the Administration be silent on this key point if we could not actually be supportive. It would undercut his efforts were we to do otherwise.

WASHINGTON

DATE: 02 MAY 78

FOR ACTION: STU EIZENSTAT-

FRANK MOORE (LES FRANCIS)

BOB LIPSHUTZ

ESTHER PETERSON *initialed (Holt)*

INFO ONLY: THE VICE PRESIDENT

JODY POWELL

JACK WATSON

ANNE WEXLER

CHARLIE SCHULTZE

SUBJECT: MCINTYRE MEMO RE S. 270 PUBLIC PARTICIPATION IN FEDERAL
PROCEEDINGS ACT

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1100 AM FRIDAY 05 MAY 78 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

let JM
know it hasn't
gone in
yet

ACTION
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input checked="" type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE
<input type="checkbox"/>	
<input type="checkbox"/>	

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

WASHINGTON

DATE: 02 MAY 78

FOR ACTION: STØ EIZENSTAT

BOB LIPSHUTZ

FRANK MOORE (LES FRANCIS)

ESTHER PETERSON

INFO ONLY: THE VICE PRESIDENT

JODY POWELL

JACK WATSON

ANNE WEXLER

CHARLIE SCHULTZE

SUBJECT: MCINTYRE MEMO RE S. 270 PUBLIC PARTICIPATION IN FEDERAL
PROCEEDINGS ACT

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1100 AM FRIDAY 05 MAY 78 +

+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. ~~()~~ HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

5-15-78

Interagency Coord Council

Urban Policy

Cross agency lines

{ Idaho - Alaska - Wash - Ore
Alex Mercure - Larry Simons
Bob Hall

Innovative - aggressive -
tough - bold

I'll help - J Watson

5/15/78 n

5/16/78

THE WHITE HOUSE
WASHINGTON

Dyn d
Baker

Humphrey

Ribicoff

Javits

Church

O'Neill

Zablocki

Broomfield

9:15 AM

THE WHITE HOUSE
WASHINGTON

May 12, 1978

C

MEETING WITH NELSON H. CRUIKSHANK

Monday, May 15, 1978
9:15 a.m. (15 minutes)
The Oval Office

From: Nelson Cruikshank

[Handwritten signature]

I. PURPOSE

1. To clarify the role and responsibilities of Counsellor to the President on Aging; and
2. To brief the President on meeting with Ad Hoc Leadership Council of Aging Organizations scheduled for Thursday, May 18 at 1:30 p.m.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: One of the issues that will arise in the May 18 meeting will be the role of Counsellor to the President on Aging. This meeting will provide an opportunity for the President to clarify the role. A statement is attached (Tab A) with a recommendation that it be formally issued as a part of the President's response at the meeting.

Also attached (Tab B) is a list of the participating organizations with a brief description of each organization's structure and purpose.

- B. PARTICIPANTS: Nelson H. Cruikshank
- C. PRESS PLAN: None

A

SUGGESTED REMARKS BY THE PRESIDENT

I have established the position of Counsellor to the President on Aging in order to achieve the following objectives:

- a. To insure that I will have placed before me proposed initiatives in the field of aging designed not only to meet the needs of older persons but also designed to make it possible for the nation to benefit from the unique contributions that older persons can make to the strengthening of our nation by opening up opportunities for their continued involvement in the life of our day.
- b. To insure that whenever policy issues are presented to me in such areas as social security, employment, housing, health, transportation and welfare I will be reminded of the impact that proposed solutions will have on the lives of older persons.
- c. To have placed before me proposals designed to make it possible for me to make the maximum possible contribution to coordinating programs in the Executive Branch that have an impact on the lives of older persons.
- d. To have a personal representative who can present my views on issues in the field of aging to the departments and agencies of the Executive Branch, to the members of Congress and to representatives of organizations in both the public and private sectors.

I have also designated the Counsellor as Chairman of the Federal Council on the Aging. Putting these two functions in the hands of one person will make it possible for him in his capacity as Chairman of that body to present to me a broad consensus of views in the field of aging that are represented by the membership of the Federal Council on the Aging.

(Stu Eizenstat had no comment on this statement.)

B

May 3, 1978

MEMORANDUM

TO: All Officers and Committees of the Maryland State
Council of Senior Citizens and Affiliated Clubs

FROM: Joseph Di Stefano, President

RE: CITIZENS FOR TAX REFORM IN 1978, INC., PRESIDENT
CARTER'S TAX PACKAGE NOW BEFORE CONGRESS

This Tax Reform would go a long way toward changing the unfair and inefficient tax system while providing a healthy tax cut when, and where, it is most needed.

Citizens for Tax Reform in 1978, a voluntary association of civic leaders, businessmen, labor, consumer and community groups, women and minority organizations representing more than 30 million people, was created, also on April 17, to let Congress know of the strong popular support for tax reform which exists across the country.

TAX LEGISLATION is a two-way street, of course. The President's tax package will be modified by Congress inevitably. But it's still the best--in fact, the only--chance for fairer taxes and a healthier economy.

President Carter's tax reform package includes proposals to cut down on tax-subsidized dining and entertainment expenses enjoyed by a minority of citizens, to eliminate foreign tax breaks that cost American jobs, and to restrict the use of tax shelters which allow a small percentage to avoid paying their fair share.

IN A NATIONWIDE HARRIS SURVEY, conducted on March 23 of this year, 55 per cent of those polled said that, taken as a whole, they favor the President's recommendations. Only 16 per cent were opposed, with 29 per cent undecided.

And that is what this Committee is all about--letting Congress know that a vast number of Americans have simply had it with an unfair tax system and they support the President's proposals wholeheartedly.

We've got to get moving fast--the tax bill is being marked up in the House Ways and Means Committee right now, and could reach the full House for a vote as early as June.

WE NEED YOU TO DO TWO THINGS RIGHT AWAY:

1. Get your members to write and telephone their Congressional Representatives, constituent pressure for tax package is our first priority.
2. Recruit new members for the Citizens Committee.

At the time of the White House press conference, our membership numbered 104 organizations and individuals. Today we are pleased to announce that we have grown to 138 and this is just the beginning. Ours is a grass-roots effort, and we've only skimmed the surface of the businessmen, community and consumer groups, unions, women and minority groups (to name just a few) who have a stake in fairer taxes.

The headquarters of this committee (CITIZENS FOR TAX REFORM IN 1978, INC.) is located at 1730 Pennsylvania Avenue, Suite 230, Washington, D.C. 20006. Telephone No.: (202) 347-6099. It is set up to provide you with the following:

1. A weekly newsletter, mailed every Friday, giving you a status report on the tax bill, the issues voted upon that week, members of Congress' voting records on these issues, inside news from the White House and the Treasury Department, a round-up of interesting press items on tax matters.
2. A permanent staff, available day-in-day-out, to give you facts and figures, to help you prepare speeches, material for your members' letters, newspaper articles and editorials, radio spots, and to keep you in touch with other groups.

Tax reform won't be easy--we all know we've got our work cut out for us. We must let members of Congress know today of you and your members' concern over tax reform. This is of major importance to the American taxpayer, and it will be an issue in the coming election.

THE COMMITTEE NEEDS FUNDS for staff, office supplies, stamps, telephones--and need operating funds now. It is a simple fact of life--without money we cannot do the job we were set up to do.

OUR SUCCESS WILL DEPEND in large part on how quickly we can get going and on how closely we can stay in touch. Thanks for your commitment, and let us hear from you soon.

Write to:

Mr. John G. McMillian, Chairman
Citizens for Tax Reform in 1978, Inc.
1730 Pennsylvania Avenue, Suite 230
Washington, D.C. 20006
Telephone No.: (202) 347-6099 or 347-9400

WAYS AND MEANS

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON WAYS AND MEANS

Al Ullman, Oreg., Chairman

**James A. Burke, Mass.
Dan Rostenkowski, Ill.
Charles A. Vanik, Ohio
Omar Burleson, Tex.
James C. Corman, Calif.
Sam Gibbons, Fla.
Joo D. Waggoner, Jr., La.
Otis G. Pike, N.Y.
J. J. Pickle, Tex.
Charles B. Rangel, N.Y.
William R. Cotler, Conn.
Fortney H. (Pete) Stark, Calif.
James R. Jones, Okla.
Andrew Jacobs, Jr., Ind.
Abner J. Mikva, Ill.
Martha Keys, Kans.
Joseph L. Fisher, Va.
Harold E. Ford, Tenn.
Ken Holland, S.C.
William M. Brodhead, Mich.
Ed Jenkins, Ga.
Richard A. Gephardt, Mo.
Jim Guy Tucker, Ark.
Raymond F. Lederer, Pa.**

**Barber B. Conable, Jr., N.Y.
John J. Duncan, Tenn.
Bill Archer, Tex.
Guy Vander Jagt, Mich.
William A. Steiger, Wis.
Philip M. Crane, Ill.
Bill Frenzel, Minn.
James G. Martin, N.C.
L. A. Bafalis, Fla.
William M. Ketchum, Calif.
Richard T. Schulze, Pa.
Bill Gradison, Ohio**

Address your letter as follows:

**Honorable _____
U. S. House of Representatives
Washington, D. C. 20515**

**OR CALL -- (202)224-3121 and ask for
particular Member of Congress.**

IMPACT ON ELDERLY

The 24 million Americans who have celebrated their 65th birthday have a big stake in enactment of the package of tax cuts and reforms President Carter sent to Congress in January.

Under the President's proposal, the tax liabilities of these older Americans would drop by \$925 million. The average net tax cut would be almost \$250.

The income tax reduction proposed for older citizens is substantially greater, in fact, than the cut proposed for their younger counterparts. Moreover, older taxpayers who have retired will not have to bear the scheduled increases in social security axes.

Three out of four older Americans-- 18 million in all-- currently pay no Federal income tax. Another million members of their age group would join them if Congress accepts the President's recommendations.

The tax burden would also be eased substantially for nearly all older Americans remaining on the tax rolls. Tax savings provided by the President's program would be shared rather evenly among older taxpayers in all income brackets below \$100,000 a year. All but 66,000 older taxpayers are in these categories.

D A new personal tax credit would be especially beneficial to older Americans in the low and middle income brackets. The President's tax package would substitute a \$240 personal credit for the personal exemption and the general tax credit. Regardless of income level or rate bracket, each older person would receive two credits, amounting to a \$480 reduction of tax liability.

As a result, the tax-free levels of income for persons of age 65 or older would rise by \$850 for a single person, from \$6,400 of income at present to \$7,250 of income under the President's proposal.

C If one spouse is age 65 or older, the couple's level of tax-free income would rise by \$1,450, from \$8,050 currently to \$9,500.

In the case of a couple with both spouses of age 65 or older, the tax-free income level would rise by \$1,200, from \$10,450 to \$11,650.

C The new credit by itself would provide greater tax savings than the existing personal exemption and general tax credit only for elderly couples with less than \$20,200 income (plus Social Security). But the \$240 personal credit was proposed by President Carter in tandem with a new schedule of reduced tax rates.

The sizeable rate cuts throughout the low and middle income ranges would assure that most older taxpayers above the \$20,200 income level would also receive large tax reductions. For example, the average tax reduction for older taxpayers in the \$30,000 to \$50,000 income range would be greater than \$400.

These substantial tax savings would augment the special tax provisions already in the tax law to benefit older Americans. Social Security and Railroad Retirement income could still be received tax-free. For persons receiving little or no Social Security or Railroad Retirement benefits, a special credit for the elderly, in addition to the new personal credit, could be claimed.

And older taxpayers would continue to be exempted from all gains on sales of personal residences for \$35,000 or less. A portion of the gain is tax-free when residences are sold for more than that amount.

Accordingly, the President's program would build significantly upon a tax system that recognizes the special needs of older citizens. Persons age 65 or older would derive disproportionately large benefits from the proposed tax cuts.

But relief of this magnitude for older Americans cannot be provided unless the cuts are accompanied by the reforms recommended by the President. Over one-fourth of the gross tax reduction is financed by revenue-raising structural tax changes. In effect, a dollar of tax savings through the rate reductions and per capita credit is being recommended to replace a dollar now lost to the Federal treasury through such tax preferences as tax shelter writeoffs, discriminatory employee benefit plans, exempt unemployment compensation at high-income levels, the "alternative tax" preference for capital gains of the wealthiest taxpayers and deductions for business entertainment.

Without enactment of these reforms, the proposed cuts for older Americans -- and most other taxpayers -- would have to be eroded or the budget deficit bloated. Neither of these consequences would be tolerable. Older Americans and the vast majority of younger citizens have a vital interest in tax reductions and reform.

o00o

THE WHITE HOUSE
WASHINGTON

*California re
staff
emphasize Soc Sec
\$225 mil/day
Tax measure
benefits all
L \$100,000/yr
Retirement age
Housing*

I. Background Information for Meeting of Ad Hoc
Leadership Council of Senior Citizen Organizations
with the President on May 18, 1978

The meeting will provide an opportunity for the President to make clear to the senior citizen constituency what he expects of the office of Counsellor which he created. This has never been done and the senior organizations are in doubt as to the Counsellor's status. There is attached a draft statement of purposes and function which would be very helpful if made public.

II. The make-up of the "Ad Hoc Leadership Council of
Aging Organizations"

The following are largely organizations representing the older and retired members of labor unions from unions which have departments for their retired members.

AFL-CIO Social Security Department
United Auto Workers/Retired Members Department
Concerned Seniors for Better Government -- This
is really the political arm of the National Council of Senior Citizens with a structure comparable to AFL-CIO's COPE)

In addition, the National Council of Senior Citizens has about 40 percent of its members who are retired union people and it works closely with organized labor. They have 3800 affiliated local clubs claiming a total membership of 3 million.

Legal Research and Services for Elderly -- a program funded by the Administration on Aging (AOA) grants. It is sponsored by the National Council of Senior Citizens.

National Senior Citizens Law Center

A Los Angeles based back-up service for legal service, pro bono lawyers and paralegal aids working with law schools and bar associations in providing legal aid to senior citizens.

The following are organizations (in addition to the labor-oriented groups) which are membership organizations of the elderly people themselves:

AARP/NRTA - American Association of Retired Persons/National Retired Teachers Association

This is by far the largest membership organization, claiming some 11 million members in about 800 local clubs. It is heavily subsidized by the Colonial Penn Insurance group and for this reason is currently being investigated as to its non-profit status by the Postal Department. I've taken the position that until this investigation is completed, and a decision rendered, that we continue to deal with the organization on the assumption of innocence.

The Gray Panthers is an organization which is small in number but very long on public relations. Their colorful and vocal head is Maggie Kuhn.

Standing somewhat between the basic membership organizations and the professional organizations are the following:

National Council on the Aging. This is one of the oldest organizations. Its membership is primarily made up of professionals and administrators in the field of aging. It is extremely skillful in acquiring support from both government sources and private foundations and holds a prestigious position in the field.

American Association of Homes for the Aging. This is an Association of the administrators of private non-profit homes for the aging. Their clientele is drawn largely from church and synagogue-sponsored homes for the aging.

The following organizations represent mostly administrators of government-funded programs:

National Association of Area Agencies on Aging
(About 600 in number)

National Association of State Units on Aging
(State directors of all the States and members
of their staffs)

Urban Elderly Coalition
(A group of directors of area agencies from
the large urban centers)

The following organizations, as their names imply,
represent leaders from ethnic groups who are
concerned with the problems of the elderly in
their constituencies:

Asociacion Nacional Pro Personas Mayores
National Caucus on the Black Aged
National Indian Council on Aging

All of them have substantial support from
government-funding sources.

There remain the two gerontological societies.
One, the national organization and the other the
Western Gerontological Society -- technically, a
branch of the national but, in fact, is practically
as large. Obviously, this is a group of professionals
in the field of aging. With considerable success,
they are struggling to establish gerontology as a
recognized discipline. Their membership is largely
university-based. Many of their members, however,
and the university departments with which they are
affiliated have research grants from the Administra-
tion on Aging.

III. Support from the Senior Organizations for Administra-
tion Programs.

The National Council of Senior Citizens is far and
away the most active and most effective in support
of the Administration programs in the field of
aging. They gave vigorous support, including
active lobbying on the Hill, to the Social Security
financing measures last Fall. They took considerable
heat and criticism from rival organizations for
supporting the Administration's position with respect
to the Retirement Test. They have also been active
in supporting the President's tax measures and
proposals for welfare reform as well as the Panama
Canal treaties.

Currently, they are expressing some anxiety over
what they hear about the health insurance proposals.

They feel they have been left out of policy discussions.

The National Council on Aging has given mild stimulus to its constituent members in support of some of the Administration's programs. They were not active in support of Social Security improvement, except that the President, Mother Bernadette, was helpful in getting the Roth Amendment removed from the Social Security bill. Their Executive Director in an editorial in their bulletin on the Anniversary of the Inauguration was sharply critical of the Administration for what he charged as failures to live up to campaign promises for the elderly.

Despite their effective public relations stance, the Gray Panthers are very ineffective politically and in the legislative field. In fact, the Gray Panthers is pretty much an extension of the personality of Maggie Kuhn.

The National Association of Area Agencies on Aging and the National Association of State Units on Aging cooperated in the Social Security legislation, but not very actively. The Urban Elderly Coalition was more active and effective.

All, of course, actively support funding for AoA which in turn gives substantial support to them by way of grants.

The professional societies (gerontology) are generally not active politically or in the legislative field. Their considerable influence is indirect. Their major concerns are with the National Institutes on Aging.

TRANSFER SHEET

Jimmy Carter Library

COLLECTION: Carter Presidential Papers-Staff Offices, Office
of Staff Sec.-Pres. Handwriting File

Acc. No.: 80-1

The following material was withdrawn from this segment of the collection and transferred to the Audiovisual Collection Museum Collection ~~xxx~~ Book Collection
Other (Specify:)

DESCRIPTION:

Paperback edition of:
Merriam, Eve, ed. Growing Up Femal in America: Ten Lives.
N.Y.: Dell Publishing Co., 1971.

contained in purple velveteen case embossed:
"Senate Ladies Luncheon, The White House, May 15, 1978,
Rosalyn Carter"

Series: Office of Staff Sec.-Pres. Handwriting File

Box No.: Box 85

File Folder Title: 5/15/78 [1]

Transferred by: KJS

Date of Transfer: 7/10/90



*Senate
Ladies
Luncheon*

*The White House
May 15, 1978*

Rosalynn Carter

GROWING UP FEMALE IN AMERICA: TEN LIVES

Edited and Introduced by Eve Merriam



"A refreshing change from the abstractions, the polemics, the claims and counter-claims. . . . The ten lives of the subtitle cover a wide range. There are obscure persons and distinguished names. Each woman tells her story in her own words."

—*The Nation*

BOOKS BY EVE MERRIAM

Adult Books

THE NIXON POEMS

THE INNER CITY MOTHER GOOSE

MONTGOMERY ALABAMA, MONEY MISSISSIPPI AND

OTHER PLACES

AFTER NORA SLAMMED THE DOOR

BASICS: AN I CAN READ BOOK FOR GROWNUPS

THE TROUBLE WITH LOVE

FIGLEAF: THE BUSINESS OF BEING IN FASHION

THE DOUBLE BED FROM THE FEMININE SIDE

THE VOICE OF LIBERTY

TOMORROW MORNING

FAMILY CIRCLE

Juvenile Books

I AM A MAN

FINDING A POEM

EPAMINONDAS

INDEPENDENT VOICES

CATCH A LITTLE RHYME

IT DOESN'T ALWAYS HAVE TO RHYME

SMALL FRY

THERE IS NO RHYME FOR SILVER

A GAGGLE OF GEESE

MOMMIES AT WORK

GROWING UP FEMALE IN AMERICA

TEN LIVES



EDITED AND INTRODUCED BY

EVE MERRIAM

Eve Merriam

15 May 1978



PHOTO CREDITS

Culver Pictures—#4, 5, 12. The Bettman Archive—#8, 15. Moorland-Spingarn Collection, Howard University—#14. From *The Century Magazine*, November 1909, engraved by H. E. Merrill; reproduced by courtesy of Appleton-Century-Crofts, Educational Division, Meredith Corporation—#11. Courtesy of Leon T. Stern—#16. The University of Michigan Press—#17. American Ethnology Collection, Smithsonian Institution—#18.

Grateful acknowledgment is made for the use of the following copyrighted material:

THE STORY OF A PIONEER by Anna Howard Shaw
Copyright 1915 by Harper & Brothers;
renewed 1943 by Lucy E. Anthony
Reprinted by permission of Harper & Row, Publishers, Inc.

MOUNTAIN WOLF WOMAN:
THE AUTOBIOGRAPHY OF A WINNEBAGO INDIAN
edited by Nancy Oestreich Lurie.
Copyright © 1961 by the University of Michigan.
Reprinted by permission of the University of Michigan Press.

Published by
Dell Publishing Co., Inc.
1 Dag Hammarskjöld Plaza
New York, New York 10017

Copyright © 1971 by Eve Merriam
All rights reserved.

For information, contact Doubleday & Company, Inc.,
New York, New York 10017

Laurel ® TM 674623; Dell Publishing Co., Inc.
Reprinted by arrangement with Doubleday & Company, Inc.
Printed in the United States of America
First Laurel printing—January 1973
Second Laurel printing—November 1976

CONTENTS

<i>Introduction</i>	7
ELIZA SOUTHGATE (1783-1809) <i>Schoolgirl</i>	27
ELIZABETH CADY STANTON (1815-1902) <i>Founder of the Women's Suffrage Movement</i>	55
MARIA MITCHELL (1818-1889) <i>Astronomer</i>	83
MARY ANN WEBSTER LOUGHBOROUGH (1836-1887) <i>Wife of a Confederate Officer</i>	105
ARVAZINE ANGELINE COOPER (1845-1929) <i>Pioneer Across the Plains</i>	137
DR. ANNA HOWARD SHAW (1847-1919) <i>Minister and Doctor</i>	161
SUSIE KING TAYLOR (1848-1912) <i>Born a Slave</i>	185
"MOTHER" MARY JONES (1830-1930) <i>Labor Organizer</i>	211
ELIZABETH GERTRUDE STERN (1890-1954) <i>In the Jewish Ghetto</i>	235

INTRODUCTION

NO TEN WOMEN, however diversified their life styles, could possibly represent what it was like growing up female in America. These specimen lives, portrayed first hand through autobiographies, diaries, journals, and letters, are intended as a beginning attempt only; let me note here at the outset that I hope successive efforts will broaden and deepen this initial venture.

One scarcely need be a vocalizing feminist to observe that women—along with blacks, Indians, and to a lesser extent other minorities—have not been given their due sufficiently in American history. More than these other groups, perhaps, women have been not so much misrepresented as missing: their presence cavalierly, boldly omitted. Men wrote the history books, men assigned themselves not merely center stage and the central roles, but all the roles; the colonists who left the Old World for the New in the early 1600s carried along with them a heavy cargo of prejudice and superstition. English law had discriminated severely against women; the colonies carried on that tradition.

Women, like children in the adage, were not to be heard. They were considered minors in every respect. Not only were they lumped with "children and idiots" as being unsuited to vote, they were held to be inferior beings physically (though fit for the most

EVE MERRIAM'S "Growing Up Female In America" is a collection of writings by and about American women that covers three centuries of our history. The book was adapted as a play by Miss Merriam, author of such acclaimed works as "The Club", and by directors Jack Hofsiss and Paula Wagner. Historically the stories are of mainstream people whose understanding of themselves is very closely tied to how American history and society developed. Their lives tell the stories of important phases of our history—of evangelists in the Western mining camps, of immigrants to this country who made important contributions as social workers in our nation's teeming new cities, and of people who were born slaves and lived to be freed. These are people who both caused and reflected change and whose stories remain, at the same time, intensely human documents.

MAUREEN ANDERMAN, widely hailed as one of our leading young actresses, recently appeared in the Broadway production of Christopher Durang's "A History of the American Film" and in the Phoenix production of "The Elusive Angel." She has also appeared in three Edward Albee productions—"Listening", the revival of "Who's Afraid of Virginia Woolf?" and his Pulitzer Prize-winning "Seascape." Miss Anderman has worked with the New York Shakespeare Festival, Arena Stage and the American Shakespeare Theatre and won a Theatre World Award for her performance in the original "Moonchildren." Miss Anderman also starred in "The Adams' Chronicles" on public television.

GERALDINE FITZGERALD celebrates her 40th year as an actress and still is only mid-career. Her diverse involvements include her leading role in Eugene O'Neill's "A Touch of the Poet," a recent film receiving high critical acclaim—"The Last American Hero", and pursuing a career as a singer. Miss Fitzgerald has also given of herself working with young people in New York musicals. Among her many awards are an Academy Award nomination for her first film, "Wuthering Heights", and the "Variety" critics' award for "Long Day's Journey Into Night". Miss Fitzgerald continues as a brilliant and beautiful actress with a firm mastery of her art.

CAROL KANE is a bright young actress on stage and in the film world. She has been acting since the age of 14. Her stage credits include "Arturo Ui" and a role in "Macbeth" at the Lincoln Center. She won an Academy Award nomination in 1976 for her role as Gitel in "Hester Street" and has proven her versatility in dramatic as well as comedy roles with films such as "Dog Day Afternoon", "Annie Hall" and as co-star of "The World's Greatest Lover." Miss Kane's newest film is "Clouds" and she recently completed a lead role in the New York production of "The Effect of Gamma Rays on Man-in-the Moon Marigolds."



THE WHITE HOUSE

MAY 15, 1978

Luncheon

Mulligatawny Soup
Cheese Straws

Broiled Fresh
Columbia River Salmon
Bouquet of Fresh Vegetables

Lemon Mousse

Time Rose
of
Cabernet
Sauvignon

OUT OF OUR FATHERS' HOUSE

Based on

Growing Up Female In America: Ten Lives by Eve Merriam
Arranged for the Stage by

Jack Hofsiss
Eve Merriam
Paula Wagner

American Folksongs Arranged and Conducted by Jack Feldman

Directed by Jack Hofsiss
Design by John Lee Beatty
Costumes by Julie Weiss

'Mother' Mary Jones.....Geraldine Fitzgerald
labor organizer (1830-1930)
Eliza Southgate.....Carol Kane
schoolgirl (1783-1809)
Dr. Anna Howard Shaw.....Maureen Anderman
minister (1847-1919)

Musicians:

Jack Feldman—piano
Lisa Kirschner—vocal and guitar

The text of OUT OF OUR FATHERS' HOUSE is taken entirely from the diaries, journals, and letters of the characters portrayed.

Colonial Flower Basket
by CYBIS

State Flowers
of the Thirteen Colonies

Appalachian Dulcimer Player
Ralph Lee Smith

Folk Singer
Patricia L. Kuchwara

THE WHITE HOUSE
WASHINGTON

5/17/78

Mr. President:

Stu concurs that you should meet with each of these senators so that it does not appear that you are only consulting with Senator Kennedy.

Phil points out that you are already scheduled to meet with Sens. Long, Talmadge and Ribicoff on Friday.

No other comments received.

Rick (wds)



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

May 15, 1978

C
/

PERSONAL AND CONFIDENTIAL

FOR THE PRESIDENT

FROM JOE CALIFANO *Joe Califano*

Here is a report on the National Health Insurance conversations I had last month with the individuals indicated:

Al Ullman. He does not want a National Health Insurance bill this year. He says it will "destroy your Presidency" because it runs so counter to the fight on inflation, even with a 1983 effective date. Ullman was the strongest opponent of your sending any legislation this year and the only one who repeatedly said that he would have to publicly call the act of submitting a proposal to the Congress this year a "major disaster."

As far as the merits of National Health Insurance are concerned, he is likely to oppose the kind of bill that would satisfy the principles in your Black Students Medical Association speech. He prefers a bill that some hospitals favor. He did ask me, as part of National Health Insurance planning, to send a team out to look at Oregon HMOs. I have done that.

Dan Rostenkowski. He prefers that no bill be sent this year. He is concerned that the adverse Congressional reaction will be seen as a defeat for you and that it is important for you to have victories. Rostenkowski has not made up his mind about the substance of various National Health Insurance proposals.

Paul Rogers. In a perfect world, he would not send a National Health Insurance bill to the Congress this year. But if you announce principles, he will hold hearings on

DETERMINED TO BE AN ADMINISTRATIVE

RECORD BY *Joe*

DATE *6/28/80*

them (he has already asked me to be the lead witness). He is not likely to support a massive National Health Insurance proposal, preferring to move incrementally.

Russell Long. He is in favor of the Long-Talmadge-Ribicoff bill, which would federalize Medicaid and provide catastrophic coverage. He said that such a bill can be passed by the Senate. He said it is the only bill that will get out of the Senate Finance Committee, which he pointedly noted has far more jurisdiction over this subject than Senator Kennedy's Health Subcommittee.

Long will publicly and strenuously oppose any Kennedy-type National Health Insurance program. He recommends you delay sending any bill forward and try and negotiate a compromise with all the factions involved. He intends to re-introduce his own health insurance program this year.

Herman Talmadge. He favors the Long-Talmadge-Ribicoff bill. He strongly urges that you not send legislation up this year and opposes health insurance legislation until we get costs under control.

Abe Ribicoff. He favors the Long-Talmadge-Ribicoff bill, questions the advisability of sending legislation forward this year (even with a delayed effective date) when you have an anti-inflation program going. He said it will confuse the public and will further blur your image. Ribicoff will indicate a preference for his own legislation when you send your bill forward.

Ted Kennedy. In a follow-up meeting with Kennedy, I asked him for more details on his programs so that he could better estimate its cost. Our staffs are working to try to get enough details from the Kennedy staff to cost his program out. Kennedy still wants a program this year and another chance to convince you to go with his program. He did indicate, for the first time, that if you were not sending up a broad and complete health insurance program it might be better for you to do nothing. He said, "I've been working on this for ten years and want to get a comprehensive bill." He plans to speak at an August Madison Square Garden NHI rally.

Jim Corman. He is still for the Kennedy-Corman Health Security Bill. He wants no role for private insurers. He has no objection to "the right kind of bill" this year.

I recommend that you meet with each of the above on the subject of National Health Insurance before sending a proposal to the Congress and even before announcing your principles. In one way or another, each made the point that the only person you had talked to was Kennedy and that each of the others had far more to say in the Congress about any national health plan.

ID 782548

T H E W H I T E H O U S E

WASHINGTON



DATE: 16 MAY 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

FRAN VOORDE

PHIL WISE

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL CALIFANO MEMO TE NATIONAL
HEALTH INSURANCE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM THURSDAY 18 MAY 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

ID 782548

THE WHITE HOUSE

WASHINGTON

speed it up

DATE: 16 MAY 78

FOR ACTION: STU EIZENSTAT *attached*

FRANK MOORE (LES FRANCIS)

JACK WATSON

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

FRAN VOORDE

PHIL WISE *- attached*

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL CALIFANO MEMO TE NATIONAL
HEALTH INSURANCE

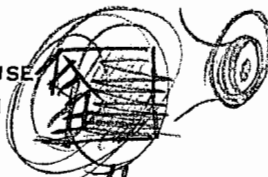
+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM THURSDAY 18 MAY 78 *COB Wed* +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON



52 per hour 11.

Can you that you must
w/ce of these so not
appear only course 11
w/ kindly

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION
FYI

<input checked="" type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHNEIDERS
<input checked="" type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input checked="" type="checkbox"/>	WISE
<input type="checkbox"/>	
<input type="checkbox"/>	

ID 782548

THE WHITE HOUSE

WASHINGTON

DATE: 16 MAY 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

FRAN VOORDE

PHIL WISE

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL CALIFANO MEMO TE NATIONAL
HEALTH INSURANCE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM THURSDAY 18 MAY 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. ☒ NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

He note with 2 of these 8 on Fri May 19

THE WHITE HOUSE
WASHINGTON

May 15, 1978

The Vice President
Stu Eizenstat
Hamilton Jordan
Tim Kraft
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Anne Wexler
Jim McIntyre
Hugh Carter

RE: Cabinet Summaries

The attached were returned in the President's
outbox today and are forwarded to you for
your personal information.

Rick Hutcheson

EYES ONLY

CONFIDENTIAL ATTACHMENT

2526

THE WHITE HOUSE
WASHINGTON

Patti - note to JM

~~Here too to~~

Here are The summaries,

As agreed, ~~no copies~~

please make no copies

& show to no other

our personnel.

Thanks!

RH

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
<input checked="" type="checkbox"/>	CONFIDENTIAL
	SECRET
<input checked="" type="checkbox"/>	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE - <i>personal +</i>
	SCHULTZE <i>confid</i>

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
<input checked="" type="checkbox"/>	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
<input checked="" type="checkbox"/>	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
<input checked="" type="checkbox"/>	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
<input checked="" type="checkbox"/>	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
✓	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

C

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

R/S.

Subj: Weekly Summary - no reading time required

My efforts this week have been commendable --
my accomplishments too minimal to discuss.

May 12, 1978



THE UNDER SECRETARY OF COMMERCE
Washington, D.C. 20230

"FYI"

9

REPORT TO THE PRESIDENT

The consensus forecast of the Department's Economic Advisory Board at its meeting this week was for real economic growth at a 3-4% annual rate over the next 18 months, somewhat below Administration targets. This forecast assumes a net tax cut of \$20 to 25 billion. A lesser cut would reduce the forecast, with little impact expected on the inflation rate. Special concern was expressed about the growth potential of consumer spending -- the largest component of GNP -- given present levels of personal taxes and consumer debt.

The domestic shoe manufacturing industry has made a promising recovery since the Administration's orderly marketing agreements and the Department's footwear industry assistance program were inaugurated approximately nine months ago. The rise in imports has halted, production is currently up 5-6% over a year ago, and several firms are estimating their 1978 production 20-30% above their 1977 levels.

Senate hearings on the Hart-Randolph Energy Impact Assistance bill were held on Wednesday, in prompt response to your May 4 announcement. We are hopeful that House and Senate time waivers will be granted in order that the bill can be considered in the FY 79 budget.

A third round of Local Public Works is now under serious consideration by the House Committee on Public Works and Transportation. Election year pressures and strong support by organized labor suggest that the committee may seek additional authorizations of \$2 to \$4 billion for this program.

Today, NOAA publicly announced an interim policy which will allow foreign processing vessels to purchase fish caught by U.S. fishermen in our 200-mile Fishery Conservation Zone. We have concluded that the legislative direction in the Fishery Conservation and Management Act does not give us a mandate to grant preferences to domestic processors over foreign processors. Senators Magnuson and Stevens have introduced legislation to allow such preference -- we have no problem with Congressional consideration of this issue. NOAA also announced today that, effective this summer, we will be naming hurricanes after men as well as women, with names in Spanish as well as English.

NOAA Administrator Richard Frank traveled to Barrow, Alaska, last week because of the tense situation there over whether the Eskimos would comply with the International Whaling Commission (IWC) quota established for bowhead whales. Frank announced that the Federal Government would not prosecute for an extra whale killed above the quota because of an honest dispute over the species of the whale. We hope the Eskimos will now comply with the quota; if they do, we will need to undertake major efforts at this June's IWC meeting to improve the Eskimo situation.


Sidney Harman
Acting Secretary



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

Mike is attending the Business Council meeting at Hot Springs, where he is speaking today on the dollar.

CIVIL SERVICE REFORM

On Tuesday, Mike met with about ninety senior Treasury officers to express his strong endorsement for the Civil Service reforms and his hope that these officers would communicate this support to all employees under their supervision.

THE DOLLAR

The dollar appreciated in active and fairly well balanced trading. The apparent OPEC decision not to increase oil prices this year and the further rise in U.S. money market interest rates, accompanied by the discount rate increase, were important influences. Treasury and Federal Reserve have again purchased German marks, totalling over \$100 million, and further reduced swap debts to the Bundesbank.

NEW YORK CITY

On Wednesday, Mike met in New York with approximately 35 City and State leaders, including the Governor and Mayor. He had called the meeting to urge a breaking of the local deadlock on labor negotiations, local lending commitments and necessary State legislation.

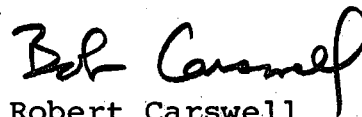
We achieved a breakthrough of sorts when all parties present agreed on a May 20 deadline for completion of negotiations in these three areas. Mike immediately called Senator Proxmire, who agreed to hold a hearing on the New York issue on May 24, provided that the City meets its new deadline. He also briefed the New York papers on background regarding your concern and interest in resolving the New York situation as quickly as possible.

MULTILATERAL DEVELOPMENT BANKS

The House Appropriations Subcommittee on Foreign Operations completed markup Tuesday on the FY-79 foreign aid bill. By a vote of 9 to 3, the Subcommittee approved the recommendation of Representative Dave Obey (D-Wisc.) to provide \$2.63 billion for the multilateral banks. The figure represents a reduction of \$876 million from the Administration's request of \$3.5 billion, but did fully respect our major priorities -- full funding for the latest replenishment of the International Development Association (IDA), the capital stock of the Inter-American Development Bank, the Asian Development Fund and the African Development Fund. We hope to recover some of the shortfall in the Senate, where timing is still uncertain.

FIREARMS REGULATIONS

The proposed firearms regulations continue to generate controversy. The principal complaints are that they create a registration system and that we do not have authority to issue them. Neither is true. The proposals will, however, assist law enforcement officials to trace firearms actually used in crimes. Some opposition has been abusive, including the baseless charge that Department witnesses lied at a Congressional hearing. These personal attacks, in our view, represent a strategy to discourage government officials -- those in both the Executive Branch and Congress -- from taking active pro-gun control positions.



Robert Carswell
Acting Secretary



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410
May 12, 1978

C

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

Targeted Tandem Program on Target. The Government National Mortgage Association has issued a total of \$94 million in commitments since March 8 through its targeted tandem program for non-Public Housing shelter. A total of \$406 million remains available for GNMA commitments on FHA-insured projects in the 324 eligible cities. The "targeted tandem" plan was announced February 20 as a major initiative by the Department to assist distressed urban areas attract middle-income families back to urban areas. The program enables private lenders to make below-market-rate loans which are backed by mortgage purchase commitments from GNMA.

Senate, House Banking Committees Report on HUD Budget. The Senate Banking Committee's HUD Authorization Bill for Fiscal Year 1979 provides substantial increases over the President's requests for a number of programs, including rehabilitation loans, urban homesteading, public housing modernization, public housing operating subsidies, rent supplements and troubled projects. By contrast, the House Committee Bill authorizes amounts for HUD programs substantially in accord with the President's requests. However, the House version includes the Brown Amendment, which would eliminate authority to require use of Community Development Block Grant funds primarily to benefit low and moderate income persons.

States, Federal Government Agree on Disaster Mitigation. Massachusetts, Arizona, North Dakota and Minnesota have agreed to comply with disaster mitigation requirements as a provision of accepting Federal assistance in a Presidentially declared disaster. Disaster mitigation activities seek to minimize the likelihood of recurring disasters.

Equal Housing Complainant Backlog Declines. As a result of the special effort inaugurated in mid-March, the backlog of unprocessed unfair housing practice complaints has been reduced from 1,200 to 556. Sixty percent of the current backlog consists of complaints that originated within the past 60 days.

New Orleans Flood Claims. The National Flood Insurance Program estimates that it will pay between 12,000 and 18,000 claims totaling \$20-\$50 million as a result of the New Orleans flooding.

Urban Development Action Grants. Forty-five cities submitted proposals for 64 Action Grant projects by April 30 deadline, in time to be considered for the second round of Action Grants. An additional 65 proposals held over from the first round of grants are also eligible for consideration. Grant awards will be announced during the latter half of June.

Pat

Patricia Roberts Harris



Office of the Attorney General
Washington, D. C. 20530

①

Principal Activities of the Department of Justice
for the Week of May 8 through 12

1. Meetings and Events

The Attorney General testified before the Senate Judiciary Committee on the Administration's undocumented aliens legislation, met at a luncheon session with the editorial board of the Washington Post, and spoke to the American Trademark Association and the Sixth Circuit Judicial Conference.

2. Deputy Attorney General

Benjamin Civiletti was confirmed as Deputy Attorney General by a 72-22 Senate vote. The twenty-two were all Republicans. In a rare speech on the Senate floor Senator Eastland praised both Civiletti and the Attorney General, referring to Judge Bell as "the best Attorney General I have known in 35 years in the Senate." Mr. Civiletti will be sworn in Tuesday, May 16.

3. President's Speech on Lawyers

On the ABC program "Good Morning America," the Attorney General stated, in answer to a question about the President's Los Angeles speech: "I read the President's speech in advance and I have to say that taken as a whole it is an exhortation. He is calling on lawyers to do better, do more for society and less for. . . yourselves. . . . He is saying to the lawyers 'Be broad citizens.'"

4. Uranium

The Department filed a misdemeanor information against Gulf Oil Corporation charging that Gulf conspired with other members of an international uranium cartel to fix the prices at which the companies sold foreign source uranium to United States middlemen.

The Canadians expressed concern during this investigation, and invoked blocking statutes to prevent access to information

in the possession of Gulf's Canadian subsidiary. The Assistant Attorney General for the Antitrust Division met with ranking Canadian officials on two occasions and the Attorney General talked with Canadian Attorney General Basford twice by telephone. While the Canadians have indicated concern with the misdemeanor information, no serious protests are expected.

5. LTV-Lykes Merger

the Attorney General and the Assistant Attorney General for the Antitrust Division will meet with Counsel for LTV and Lykes on May 24, and a decision on the proposed merger will be reached sometime after the meeting.

6. Atlanta Prison Report

On May 10, a report on the Atlanta prison situation by an investigative team from the Bureau of Prisons was released to the press. The press highlighted the report's recommendation that the Atlanta prison be closed as soon as adequate and modern facilities can be built and the finding that the control of the movement of prisoners was inadequate. The Department has implemented the immediate recommendations of the report and the short-term recommendations will be implemented within 90 days. Charges in several of the murders are now awaiting presentation to the grand jury or other prosecutorial action.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

①

May 12, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

TRAVEL. The Secretary is in the Soviet Union this week.

APRIL WHOLESALE PRICES UP 1.3%. April Producer Price Index (PPI) for farm products increased 4% (unadjusted basis); processed foods and feeds up 1.7%; consumer foods up 2.2% following gains of 0.4% in March and 2.3% in February.

SENATE APPROVES MEAT IMPORT LAW. The Senate passed Senator Bentsen's (D-Tex.) proposal for countercyclical meat import law. It would include processed meats - in addition to fresh, chilled, and frozen - covered by present law as well as Congressional right to overturn a Presidential suspension of meat import quotas within 30 days.

*I need
to understand.
sounds bad*

APPROPRIATIONS. The House Subcommittee on Agriculture Appropriations, after a closed session, this week informally notified USDA that most 6-digit cuts were restored.

LEGISLATION. House Education and Labor Committee adopted the Administration's Child Nutrition Amendments. Senate Agriculture Committee completed markup and reported out the Child Nutrition Program, eliminating the mandated School Breakfast Program. In testimony, Assistant Secretary Foreman supported transfer of several nutritional programs to the proposed Department of Education. Director of Economics Hjort presented the Administration's opposition to S. 2990, the Sugar Stabilization Act of 1978. The Administration's Crop Insurance Bill, HR 12636, was introduced by Congressman Jones (D-Tenn.).

NITRITES. On Monday, the Department will announce two regulations regarding the use of sodium nitrite in curing bacon -- a final regulation reducing nitrite use to 120 parts per million and a proposed regulation to be effective one year from now, further reducing the level to 40 parts per million. Since the industry says it is now making bacon at 120 parts per million, there is no immediate economic impact anticipated. The industry will have a year to make a further adjustment.


CAROL TUCKER FOREMAN
Acting Secretary

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Charlie Schultze

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

SOFT PUBLIC WORKS
MINIMUM WAGE FOR MANAGERS

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

Charlie
J

May 13, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: CEA Weekly Report

Tax Cut. As you know, my staff and I have been working closely with Senator Muskie and Congressman Giaimo to coordinate the announcement of the revision in your tax reduction plans. Although there was a premature announcement of the decision on Capitol Hill, things generally appear to have come off well. The Conference Committee agreed in principle on a revenue floor for fiscal 1979 that incorporates a tax cut of the magnitude you have requested. The Conference is expected to complete work on Monday. Senate Republicans on the Conference Committee may try at that time to unravel the agreement we have made. However, staff for Muskie and Giaimo are confident it will hold. If the Conference can keep a lid on spending on Monday, Budget Committee staff members expect the deficit to come in between \$51 and \$53 billion. Using the same basic budgetary assumptions, our own deficit forecast for 1979 is higher than that, because we project somewhat lower growth rates than the Budget Committee staffs.

Soft Public Works. As part of your Urban Initiative, you approved a three-year, \$1 billion per year program of "soft public works." One requirement of this program, as you approved it, was that one-half of those hired under the program should be disadvantaged persons who would be paid 50 percent of the journeyman's wage. Draft legislation being prepared for submission to the Congress, however, calls for a wage for these disadvantaged workers that may average substantially above one-half of the journeyman's wage. CEA and OMB are working together to identify a means that is acceptable to all sides to hold that wage to the level you originally approved. If we are unable to do so, I believe you should reevaluate whether to pursue this program in its current form.

I
agree

Minimum Wage for Managers. The Department of Labor is empowered under law to exempt managerial and professional workers from the overtime provisions of the wage and hour standards if their salaries are above a specified minimum. In essence, this exemption level amounts to a "minimum salary" for managers and professionals. Currently, the minimum is \$155 weekly for executives and administrators, \$170 weekly for professionals, and \$250 weekly for high-salaried executives. DOL currently is soliciting comments on a regulation that would immediately increase these salary minimums from 40 to 47 percent. These increases are discretionary and are not required by law. The minimum salary was last raised in 1975. This increase would impact particularly heavily on retail and services industries in which managers' skills and salary are relatively low. These industries also were the hardest hit by recent changes in the minimum wage law. The final regulations are due in June. My staff is carefully reviewing this proposed increase, which appears at first blush to be unnecessarily large.

*Why
should
we
initiate any
action?*

Summit Preparations. I have been asked by Henry Owen's Summit preparation group to convene a group of economic policy officials from the Big-7 countries and the EC Commission to prepare a paper assessing the world economic situation. The paper will review current economic conditions and prospects in each country, and explain those policy measures that each country deems appropriate to adopt to deal with problems of unemployment, inflation, current account imbalances, and weak investment. I am calling the group together in Washington next weekend to put together the paper. It will then be forwarded to the preparatory group as a basis for further Summit planning. I hope the paper will provide a foundation for cooperative action at the Bonn Summit. The U.S. contribution to such an effort would include the anti-inflation measures that you are implementing and a statement on how we intend to improve our record on oil imports. Just how we proceed on the latter will have to be worked out in view of what progress on energy legislation is made in Congress between now and July.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Secretary Andrus

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

GARRISON DAM



THE SECRETARY OF THE INTERIOR
WASHINGTON

May 12, 1978

Cecil J

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of May 8

Senator Byrd has been too busy to see me this week on the Alaska land issue. I am continuing our strategy without the meeting.

OMB is preparing to send a deferral to Congress on the Garrison Dam. If the Congress does not approve the deferral, and I don't think they will, I will be placed in the position of going ahead with the project even though our Administration opposes it.

*Can I
help?*

The Forest Service's paper on timber policies has not improved, and we have not been included as much as we should have been. I will discuss this with you on Monday.

Our candidate for Director of the Bureau of Mines is receiving some flack from Arnold Miller because he doesn't have a labor background. I don't think it is substantial criticism, but I will keep you advised.

Cecil D. Andrus
CECIL D. ANDRUS

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Secretary Califano

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

cc
Joe, Stu, Frank

May 12, 1978

J

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Foreign Health Speech. My speech expressing your commitment to new American initiatives in international health was warmly received at the World Health Assembly in Geneva. I stressed that we are deeply concerned about immunizing the children of the world against preventable diseases and pledged that we would do all we could to assure that the world's children were fully immunized by 1990. I have asked the Center for Disease Control to prepare recommendations for me about the appropriate steps HEW, and the rest of the Federal government, could take in implementing this goal. Good
- Impact Aid. Your proposals for reauthorization of Federal elementary and secondary programs have now been considered by both the Senate Human Resources and House Education and Labor Committees, and, as you know, we have, with one exception, had significant success. Indeed, the bill that is likely to emerge from Conference will probably be even closer to our original proposals than the present bills reported out of the two authorizing Committees. Thus, you will probably be able to claim an important legislative victory in elementary and secondary education -- except for Impact Aid. In that area, the two Committees have added on nearly \$300 million over current services, rather than accepting our reform proposals which would have been slightly under current services for FY 79, with increasing savings in outyears.

It is important that we be able to take credit for our elementary and secondary success but it is also important to try to roll-back the Impact Aid increases, although making progress in the face of one of the best-organized lobbies will not be easy. I suggest the following course of action.

-- Your representatives -- Stu, Frank and I -- should be authorized to say that you are "seriously considering a veto of the elementary and secondary

ok

- 2 -

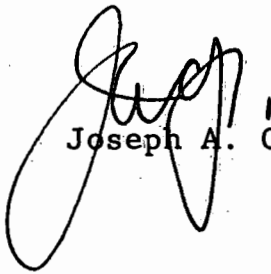
legislation unless Impact Aid is rolled back at least to current services." We can point out that the Carter Administration has been more than generous in our education budget and education programs, and that the Impact Aid add-ons are simply greed in a time when everyone ought to be concerned about inflation.

ok -- We should concentrate our energies on the Senate. Senator Eagleton, who is a member of the Human Resources Committee, has agreed to give us substantial assistance in pushing a package of floor amendments. Even with a veto threat, we do not have much of a chance on the House floor, but if we can get a roll-back in the Senate, we have a good chance of winning Impact Aid reductions in the Conference.

Tues Leadership agenda -- You should make calls to both the Senate and House leadership on Impact Aid to underline the seriousness with which you view this issue.

do so -- We should meet with the members of the Impact Aid lobby in an attempt to get the veto threat across. This may make movement by members a bit easier.

I agree I do not think it advisable yet to state flatly that you will veto the reauthorization legislation. I think we should proceed on the course outlined above until the Senate vote is near (the House will vote first and, as noted, is likely to include the Impact add-ons regardless of what we do).


Joseph A. Califano, Jr.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Charles Warren

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

GWS
J

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren D.S.
Gus Speth

SUBJECT: Weekly Status Report

Your Meeting with Environmentalists. Those with whom we have spoken since yesterday's meeting are pleased that a real dialogue occurred and that you took the time to consider their views. They are concerned that you not interpret their criticisms as indicating a lack of support for you (for whom they have the warmest regards).

The meeting underscored that environmentalists' disappointment with certain Administration actions is real. However, you successfully conveyed both your personal concern for environmental improvement and the Administration's strong commitment on numerous issues.

We agree with you that efforts on both sides should now be directed to preserving the sense of partnership that has existed between environmentalists and the Administration. To this end we will take the following steps immediately:

- ° We will prepare an analysis of the issues raised at the meeting that will define the real concerns and indicate what future steps are possible to meet these concerns. Chairman Warren, who is in Nairobi on official business, has already discussed the question of future steps with Cecil Andrus and Doug Costle.
- ° We will accelerate our preparation of a report for you on the Administration's environmental accomplishments. Early this year, Stu agreed with our recommendation that we prepare such a report so that it would be available for your use in the fall during the campaign.
- ° We will provide you and, as appropriate, others in the Administration with regular reports on the environmentalists' serious concerns. We meet every two weeks with representatives of the environmental organizations (from 20 to 50 people). The issues discussed at the meeting yesterday and others have been raised at our meetings, and we routinely pursue them with the responsible agencies. We will continue to do this and, where it is important, raise the issue directly with Stu or you.

include
goals not
reached

briefs
ok



Department of Energy
Washington, D.C. 20585

May 12, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER *JS*

SUBJECT: Weekly Activity Report --
Week of May 8 - 14, 1978

Aside from matters relating to the National Energy Act, the Department of Energy significant activities include the following:

1. Work continues on two notices of proposed rulemaking which have attracted a good deal of comment. I have sent you a memorandum on our proposed solutions for the increasing problem of shut-in crude oil production in California and the glut of certain refined oil products. The second rulemaking -- to revise the oil pricing and allocation regulations as they apply to imported residual fuel oil on the East Coast -- continues to attract political attention. The Senate Energy Committee this week voted to prohibit the Department from implementing such a change, but the House Commerce Committee tentatively defeated a similar move. At present, New England labors under an inequity, since subsidies under the entitlements program go to domestic refiners who import crude oil but not to importers of residual fuel oil, on which New England depends. A commitment to this change was made by the Federal Energy Administration, before creation of the Department, and given the strength of New England feelings and the basic inequity of the current situation, we should continue to pursue it.
2. We are continuing our negotiations with the Senate on the Clinch River Breeder Reactor Project issue. The Senate Energy Committee will mark up this issue on Monday. Discussions with Senators Jackson, Church, and Johnston indicate we may reach agreement on a plan

which would result in a conceptual study of an advanced breeder technology facility and would terminate the present Clinch River Breeder Reactor Project. However, they may also attempt to increase funding for the base breeder program to an unacceptable level.

hold
This
off

3. The Energy Information Administration of the Department has just submitted its first annual report to the Congress. Included in the report are projections that imports will increase from the present 8.7 million barrels per day in 1977 to a range of between 9.1 million barrels per day and 12.5 million barrels a day in 1985 and between 9.8 million barrels per day and 16.1 million barrels per day in 1990. These forecasts, which are consistent with forecasts contained in the National Energy Plan, consider current law and do not include implementation of the National Energy Act. However, they do provide a good benchmark against which to compare future projections.
4. The Federal Energy Regulatory Commission has announced that it is commencing an investigation of possible overcharges by utilities during the recent coal strike. We will keep you informed of the results of this investigation.
5. The Senate last week confirmed Lynn Coleman to be General Counsel of the Department and Robert Thorne to be the Assistant Secretary for Energy Technology.

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *RM.*

SUBJECT: Major Departmental Activities, May 6-12

Continued efforts on civil service reform. With one exception, I reached by phone all of the House Republicans on the list provided by the White House. Most of them did not know much about the proposal, nor did they have particularly strong feelings on the issue. All of them promised to look closely at it and contact me if they had any problems.

Major victory for Administration as Senate committee finishes mark-up on CETA reauthorization. The bill that emerged from the Senate committee is very close to the Administration version. It contains the provisions necessary to limit substitution and aim the program at those most in need. Moreover, the Senate bill retains the integrity of the Private Sector Initiative.

Signs look propitious for labor law reform. Tuesday's White House breakfast was a major success. It succeeded in focusing public attention on the bill and reaffirming the Administration's support for it. The Senate vote count is holding steady. There has been no erosion of support and we are growingly confident of victory. For next week, I have scheduled a series of public events on labor law reform, as well as continued lobbying of the Senate. I will be meeting with you at 9:45 on Monday morning to further discuss the status of the bill and additional things that could be done to secure its passage.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues Pending at the Department
of Transportation

Amtrak Passenger Rail System Route Study - On May 8, I issued a comprehensive analysis of Amtrak's route structure. The proposal would eliminate about 9,000 miles of the most lightly used rail routes, while maintaining a nationwide network of daily passenger train service to 160 major metropolitan areas. It would reduce Amtrak's anticipated deficits by 20 percent. Predictably there has been adverse reaction from those areas which will lose Amtrak service, but I'm pleased to report that overall response has been favorable. Chairman Bayh of the Senate Appropriations Subcommittee has issued a very constructive statement calling upon Congress to "put aside parochial interests and cooperate in efforts to implement the recommendations." The Interstate Commerce Committee will hold public hearings soon on the streamlined system.

In another favorable development, the Senate passed an Amtrak authorization bill with a figure of \$510 million, which matches our Appropriations request. The bill also contained the Route Study implementation process we sought. On the House side, the Commerce Committee reported out a bill yesterday, with a \$613 million authorization level.

No-Fault Insurance - On Tuesday, the Senate Commerce Committee voted 9-7 to report S. 1381, the Administration's no-fault automobile insurance legislation. The vote came after an extensive effort by this Department and the White House staff wherein we were joined by consumer groups, labor unions, and some insurance companies, and opposed by lawyers organizations and other insurance groups. My personal calls to key Members indicated this would be very close and consumer legislation continues to face a difficult road.

On the House side, we are still one vote short of reporting a favorable bill from the House Subcommittee on Consumer Protection and Finance. I hope we will be able to report this bill out this week.

Ford-Mercury Recall - On May 8, the Department announced an initial determination that serious safety defects exist in the fuel systems of 1.5 million Ford Pinto and 30,000 Mercury Bobcat automobiles built during the 1971-1976 model years. Rear-end collision tests at 35 mph or slower performed by the Department's National Highway Traffic Safety Administration (NHTSA) resulted in massive fuel leaks and a significant number of fires. In many of these crashes, the car doors were also jammed shut.

Earlier this year Ford lost a major lawsuit in California over a rear-end Pinto collision. There already has been a heated debate over the safety of the Pinto, the most successful small car ever marketed by Ford.

The DOT findings are controversial since they could result in Ford having to re-engineer 1-1/2 million cars at estimated costs ranging from \$40 to \$80 million.

Ford and Mercury will have 30 days to review the data and will be given an opportunity to present their views at a public meeting in mid-June. A final decision as to what must be done will be made thereafter.

Airline Regulatory Reform Legislation - The House Aviation Subcommittee has now unanimously reported out an airline regulatory reform measure. I hope it will be reported today from the full Committee. I worked with the Subcommittee by calling key Members to urge their endorsement of the bill. We have a provision on automatic entry, which will make possible a good conference with the Senate. I believe further improvements in the House Subcommittee version of this legislation can best be achieved in the conference with the Senate, and our first priority at this time is to gain passage of a measure out of the House.

Congressional Relations - On Thursday, May 4, I toured the Morgantown, West Virginia personal rapid transit project at the request of Congressman Harley Staggers, Chairman of the Conference Committee on the Energy bill. I was able to gain a commitment from Rep. Staggers to help the Administration move the Civil Service Reform legislation out of the House Post Office Committee.

On May 16 through 19 I am travelling to the West Coast to address the Los Angeles Chamber of Commerce National Transportation Week Conference. At the specific request of your White House staff, I will also attend a function for the Democratic National Committee's Los Angeles County Finance Committee, and tour local Los Angeles transit facilities. In addition, I will be speaking to the Maritime Day luncheon at the invitation of the Port of Seattle, and attending a fundraiser for Congressman Bonker.



United States
Environmental Protection Agency
Washington, D.C. 20460

C

The Administrator

May 12, 1978

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

On Wednesday, May 10, we announced the recall of all 1976 cars and 1975-1976 trucks manufactured by American Motors.

This is just the tip of a very large problem. Since 1972, about 12 million cars and trucks--almost one in five of all new vehicles sold in the United States--have been recalled because their pollution control systems failed.

By continuing our stringent recall program, we hope that auto makers will finally commit to building control devices that work.

mg

Community Services Administration WASHINGTON, D.C. 20506



C

MEMORANDUM TO THE PRESIDENT

MAY 12, 1978

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez
Director

GO

SUBJECT: Weekly Report of Significant Agency Activities
(May 7 - 13, 1978)

CSA Reauthorization

Both the House Education and Labor Committee and the Senate Human Resources Committee have voted to report out bills to reauthorize CSA. Representative F.N. Andrews, Chairman of the House Economic Opportunity Subcommittee, has indicated the full committee will file its report early next week. He expects action on the bill, H.R. 7577, the Economic Opportunity Act Amendments of 1978, to be completed by June 1, 1978. The Senate is not expected to consider this matter until the latter part of June because of the impending filibuster on S. 2467, the Labor Reform Act of 1978.

Grants to Farmworkers

The CSA Director met with Cesar Chavez in La Paz, California, to discuss funding possibilities for improving services to farmworkers in California and possibly Florida. CSA will bring to Washington, D.C., two of Mr. Chavez' volunteers for further negotiations.

SPAARS in South Dakota

The Assistant Director for Policy, Planning and Evaluation plus other Headquarters and Region VIII (Denver) staff, met with the Honorable Richard Kneip, Governor of South Dakota, to discuss the SPAARS (Single Purpose Application and Automatic Referral System) Project. In South Dakota, the project takes the form of an automated eligibility determination system; a set of core variables are used to predict the eligibility of an applicant for some seven federal social service programs. The virtually 100% success rate so far indicates that many of the questions on applications for social service programs may be redundant. The Governor, who is leaving office to become Ambassador to Singapore, indicated the continuing interest of his state in demonstrating ways of simplifying application and eligibility requirements for federal programs.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

1

OFFICE OF THE ADMINISTRATOR

MAY 12 1978

MEMORANDUM FOR:

THE PRESIDENT
THE WHITE HOUSE

SBA TAKES THREE-YEAR PLANNING AND ZBB SERIOUSLY: SBA is beginning its three-year budget planning cycle with a thorough assessment of the role of the Agency. The management staff met for a six hour period this week to question the fundamentals of its assistance to the small business community. The starting point of discussion was the needs of small business, followed by serious questions regarding how well SBA is serving its constituency. We found the Agency's weakest point to be in the policy area and concluded that this is principally a result of its weak position in the Executive Branch. A program review is taking place simultaneously in anticipation of a tighter, more finely tuned budget commencing in FY 1980.

SMALL BUSINESS REACTS STRONGLY AGAINST LABOR REFORM BILL: SBA has been caught in an embarrassing position regarding the labor reform bill. The Agency was not consulted on the possible effects on small business; we were not able to represent the fundamentally negative viewpoint of the small business community. The difficulty is compounded by public awareness of an internal staff memorandum which outlined the problems the bill poses for small scale enterprises. As a result of the public focus on the Agency and the issue, the Department of Labor and SBA have been carrying on substantial, if tardy, discussions.

SENATE COMMITTEE FAVORABLY REPORTS NOMINATION OF CHIEF COUNSEL FOR ADVOCACY: The Senate Small Business Committee this week favorably reported (8-1) the nomination of Milton Stewart for Chief Counsel for Advocacy at SBA. Senator Lowell Weicker cast the only negative vote. The position has taken months to fill and is a critical one for the Agency since it will provide policy capability for the first time in the Agency's history.

SENATE MARKS UP BILLS OPPOSED BY THE ADMINISTRATION: The Senate this week marked up H.R. 11445, provisions of which the Administration has systematically opposed including: authorizing \$8 million for FY 1979, and \$15 million for each of FY 1980, 1981, and 1982 for Small Business Development Centers at colleges and universities across the country; raising interest rates on disaster loans to businesses from 3% to 5% on the first \$250,000; and authorizing \$5 million for a White House Conference on Small Business. In addition the bill would raise the SBA Administrator to Executive Level I and create in the Executive Office of the President a Council on Small Business and Competition.

Patricia M. Cloherty, Acting
A. Vernon Weaver

Administrator



WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Henry Owen to Pres. Carter, w/attachments 5pp., re: letter to Schmidt	5/12/78	A
Cabinet Summary	Andrew Young to Pres. Carter, 1 pg., re: UN activities	5/11/78	A
Memo	Frank Moore to Pres. Carter, w/attachments 4 pp., re: Senator Byrd	5/11/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
Handwriting File 5/15/78 [1] Box 85

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.